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East Europe Report



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17 MARCH 1987

EAST EUROPE REPORT

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CHANGES IN CAPITAL ASSET UTILIZATION DURING 7TH FIVE-YEAR PLAN

Prague STATISTIKA in Czech No 8-9, 1986 pp 346-350

[Article by Jarmila Liptakova: "Changes in Utilization of Capital Assets in Industry During the 7th Five-Year Plan"]

[Text] Together with a corresponding number of workers and their qualifications, basic production assets in Czechoslovak industry remain an important production factor and a decisive component of our national wealth. In centrally planned industries, their volume during the last year of the 7th Five-Year Plan exceeded Kcs 1 billion on Kcs 1,031 billion at purchase prices. This also attests to their importance in the transition of the entire Czechoslovak economy to an intensive type of expanded reproduction.

Differentiated Pace of Further Expansion of Industrial Production Factors
(data are recomputed for 1985 conditions)

It is characteristic of the period of the 7th Five-Year Plan that, despite a slowdown in economic growth, the volume of basic production assets at the disposal of Czechoslovak industry continued to grow at a relatively rapid pace. In the centrally planned industries, their volume rose annually by 5.5 percent (1983) through 7.6 percent (1981) and over the entire 7th Five-Year Plan, increased by 36.7 percent, that is to say, by an annual average of 6.5 percent. The absolute value of this 5-year growth amounts to Kcs 276.6 billion with the annual increment, expressed in absolute figures, declining for the first 3 years of the 5-year plan to a level of Kcs 57-56-48 billion. but, in the last year of the 7th Five-Year Plan, attaining a maximum of Kcs 63 billion.

The most dynamic growth in the volume of capital production assets occurred in the wood processing industry of the Slovak Socialist Republic (by 73.0 percent), in the gas industry (by 61.1 percent), and in the electrical engineering industry (by 48.3 percent). The basic production assets of the entire Czechoslovak engineering industry expanded by 36.8 percent.

The slowest growth was recorded by capital production assets in the building materials industry of the Czech Socialist Republic (by 22 percent) and in the chemical industry of the Czech Socialist Republic (by 22.7 percent).

A significant expansion of available basic production assets, particularly in the heat and energy generation (Kcs 43.9 billion), in the metallurgy, including extraction of ores (Kcs 28.5 billion), in general engineering (Kcs 32.7 billion) as well as in the mining of coal (Kcs 29.8 billion), was characterized not only by its pace but by its extent as well.

The fact of a relatively rapid expansion of liquid capital in itself is a contradiction which cannot be rated as a clearly positive phenomenon. It is not merely an expression and a result of intensive formation of advanced production capital based on the most advanced technology but, not infrequently, a formation of new, cost-effective low technology and, to a considerable extent, a manifestation and a result of the surviving habit of an excessively prolonged use of worn-out and obsolete capital assets. This long-standing negative trend is one of the most decisive factors in the rise of negative indicators of efficiency of the basic production assets, on (expressed as in opposite terms) as a capital-intensive industrial production; this also applies to other indicators, such as labor productivity, total production costs, or return on investment.

Changes in Commodity and Industrial Branch Capital Assets

A favorable developmental element now-a-days is the higher growth rate dynamic of machine assets. The more dynamic growth in the quantity of liquid capital assets exerts a favorable influence on the ongoing restructuring of capital assets which involves the reduction in the share of buildings and structures from 52.2 percent in 1980 to 50.1 percent in 1985. Proportionally, the share of machine capital assets grew from 47.8 percent in 1980 to 49.9 percent in 1985. This progressive tendency was recorded in the period under study in virtually all sectors of industry, primarily in the branches having a high share in processing domestic raw materials.

The engineering, which represents the technological base of development and modernization of all branches of the national economy experienced slightly above average levels with regard to the share of machines and installations in this development. In 1985, the share of machinery and equipment in the overall volume of basic production assets rose in this sector to 52.7 percent, whereas the increase for general engineering amounted to 50.5 percent, for heavy engineering, 52.6 percent, and in the electrical engineering, including the electronics industry, 58.3 percent. The structural policies in place under conditions of intensive development applicable to the socialist economy will, obviously, be pressing for substantially higher indicators and more penetrating developmental trends even in this regard.

During the 7th Five-Year Plan, the branch structure of capital assets in industry was characterized by relative stability. Its fundamental element was the unchanged share of the engineering industry at a level of 22.2 percent. Most noteworthy was the increase in the share of the fuel and energy complex from 26.1 percent in 1980 to 28.0 percent in 1985. On the other hand, the chemical and light industries recorded a decline in both cases by 0.9 percent.

The share of the remaining industrial sectors remained the same or experienced negligible and irregular deviations in both directions.

Changes in the Industrial Branch Structure of Basic Production Assets in Czechoslovakia

<u>Indicator</u>	<u>1980</u>	<u>1985</u>
Fuels and energy	26.1	28.0
Extraction of coal	9.5	9.8
Gas industry	4.0	4.7
Production of heat and energy	12.6	13.5
Metallurgy, including extraction of ores	11.7	11.3
Engineering industry	22.2	22.2
Heavy engineering	7.4	7.1
General engineering	11.6	11.6
Electrotechnical industry	3.2	3.5
Chemical industry	12.3	11.4
Building materials industry	5.2	4.8
Light industry	9.4	8.5
Food industry	7.5	7.2
Wood processing industry	5.0	5.8

Development of Efficiency of Capital Assets

A further fact which characterized the development of Czechoslovak industry during the 7th Five-Year Plan and which has a direct relationship to the reproduction of capital assets is the relatively mild increase in the volume of industrial production: by 1.2 through 4.0 percent per year and by 14.8 percent for the entire period of the 7th Five-Year Plan. This is a pace which was substantially lower than the pace of expansion experienced by capital assets in industry. Relating these two indicators of the pace of development in industry logically leads to a continuation of the decline in the efficiency of capital assets from 0.799 in 1980 to 0.671 in 1985, that is to say, a decline of 16 percent or an annual average of 3.0 percent. The above data indicate that as recently as 1980 for every koruna of purchasing cost of liquid capital assets the industrial products were valued at Kcs 0.799 while in 1985, only at Kcs 0.671.

If we narrow our view to the development of this indicator in the area of the active component of capital assets—machines and equipment—then we find that the decline in their efficiency is still more conspicuous, a factor which is completely natural in terms of this statistical concept. The volume of production rose by the same 14.8 percent, but the pace of expanding machine assets was greater than was the case for all capital assets throughout industry.

At first glance there are some paradoxes. The more conspicuous the expansion of machine assets and capital assets in general—given the pace of production growth—the more conspicuous is the decline in the efficiency of liquid

production assets. Such a paradoxical development trend is a completely natural result and a manifestation of the extensive type development in which the reproduction of fixed production assets is overburdened by growing volumes of completely obsolete production assets which have not been retired from operation and by the use of worn-out production assets, not only in the case of chronologically older groups of machines and installations, but, not infrequently, even newly produced and just installed machinery. A special problem affecting the increase in efficiency of new capital assets is a timely retirement of older and less productive of these assets, whose operation tends to tie up labor which is in short supply which, for example, is thus not made available for a second shift on new production assets and not even for their full utilization during the first shift.

The slow pace of renewal of the technological base is characteristic for the period under study. The coefficient of liquidation pertaining to machinery and equipment is low on a long-term basis and beneath the level of other sectors in industry. During the 7th Five-Year Plan, some 1.9 percent of production machines and equipment were liquidated each year, with only 1.5 percent being the case in industry. In the period under study, the average age of machinery and equipment in industry reached almost 12 years, with the average length of utilization of roughly 24 years; and the time of their removal is getting longer. The long duration of utilizing capital assets leads to obsolescence in our production base and does not facilitate the more intensive realization of scientific and technological progress.

The unfavorable tendency of continuing decline in the efficiency of capital assets in industry was general throughout the 7th Five-Year Plan and applied virtually to all sectors. The sole exception in this regard was the development of the electrical engineering, where the initial decline in 1981 and 1982 (from 1.307 to 1.265) was replaced by a rise in the value of this indicator to 1.337. The unsettled situation in this regard is characterized even in this exceptional case by a renewed decline in the efficiency of liquid capital assets in 1985 to 1.321. From this it is clear that the exception is not sufficiently "exceptional," that it is not sufficiently great nor is it permanent.

Nevertheless, it is possible to discern indications of a certain improvement in the efficiency of capital assets in industry. Although efficiency continued to decline in each year of the 7th Five-Year Plan, the decline was diminished during the 2d half of the 5-year plan. Whereas in 1981 and 1982 efficiency declined at an annual rate of 5 percent and more, in subsequent years this decline was between 2.6 and 1.7 percent. The maximum values in the decline of efficiency were recorded in the fuels and energy complex. On the other hand, the engineering industry recorded the lowest decline and, in 1984, there was even a transitory rise in the efficiency of capital assets.

Apart from the above-listed influences, the generally unfavorable development of the efficiency of capital assets was also influenced by the structural composition of the increment in gross production and in capital assets. The

fuels and energy complex accounted for more than one-third of the total increment in capital assets, whereas its share in the increment of gross production was only negligible. On the other hand, the engineering industry accounted for more than one-half of the overall growth in gross production, but was responsible only for 22.0 percent of the increment in capital assets.

These fundamental structural components indicate that the negative influences prevailing in the fuels and energy complex predominated (characterized by a low and expressly declining efficiency from 0.239 to 0.173, accompanied by a dynamic expansion of capital assets by 46.7 percent) over the relatively positive structural influence of the engineering industry (which was characterized by a high and slightly declining efficiency from 1.049 to 0.985, accompanied by a generally average expansion of liquid assets, which expanded by 36.8 percent).

The very fact that even in the engineering industry as a whole, there was basically the same, even though milder decline in the efficiency of capital assets reminds us that it would not be correct to overestimate the influence of structural changes upon this process and, thus, comparatively lower the negative influence of the other extensive factors.

Greater Capital to Labor Ratio in Industry

The capital to labor ratio in industry rose during the past 5 years from Kcs 287,000 to Kcs 381,000, that is to say, by 33.0 percent. The machinery capital to labor ratio over the past 4 years rose by Kcs 42,000 and, in 1985, attained a level of Kcs 189,000. The progressive character of structural changes in the technological production base is manifested here by a higher capital asset ratio (6.4 percent to 5.6 percent on the annual average).

Intrasectoral comparison of capital asset ratios is characterized primarily by the survival of great differences between individual industries. The highest level of capital asset ratios is shown in the fuels and energy complex (whose level is 2.5 times that of the overall capital asset ratio in centrally planned industries), particularly in the gas industry and in the production of heat and electricity (virtually five times the level of the industry average). The lowest level was manifested by the engineering industry (57.0 percent) and within the engineering industry the lowest level was in the electrotechnical industry (not quite 40.0 percent). The remaining sectors show less conspicuous deviations.

Intrasectoral comparison of capital asset ratios for industrial workers equipped with machine assets is characterized by more balance, a state of affairs which is contributed to by the lower rate of advance accomplished by the fuels and energy complex as a whole and the gas industry above all and, on the other hand, by the higher level of the capital asset ratio in the engineering industry.

Another side of this process, which has a generally positive economic effect, is its specific similarity and the measure of efficiency of the growing capital asset ratio in industry with respect to productivity. In this area, basic characteristics of an unsatisfactory efficiency with respect to liquid capital assets are being reflected during this period which are showing up externally as a relatively low rate of growth of productivity.

A growth in the volume of liquid capital assets during the years of the 7th Five-Year Plan is an important extensive growth factor. This is true not only of the entire category of basic production assets, but also of that portion represented by machine assets. To the extent to which the inventory of machine assets was expanding faster than the passive components of capital assets (buildings and structures) one specific type of intensive growth factor was also being realized. This is without question the progressive component of our development during the period under study. However, this is not sufficient to make the transition to an intensive type of development. That is why the "Main Guidelines for Economic and Social Development of Czechoslovakia for the Years 1986 Through 1990 and the Outlook to the Year 2000," which was approved by the 17th Congress of the CPCZ, calls for an increased share of machinery and equipment in production capital to 63.0 percent, calls for increasing the share of investments in the efficient modernization and reconstruction of the production base, calls for concentration of production in the most advanced plants, calls for freeing of capital assets and production areas by cutting back inefficient production, calls for new production programs, the accelerated retirement of obsolete machine assets, and other intensification measures.

5911/12851

CSO: 2400/96

GOVERNMENT DISCUSSES STATE PLAN, OTHERS

LD211524 Prague Domestic Service in Slovak 1600 GMT 20 Jan 87

[Text] The Government of the Czech SR has discussed the safeguarding of the fulfillment of the state plan for this year and the other years of the Eighth 5-Year Plan by enterprises under the Ministry of Industry.

It also assessed the tasks of scientific-technological developments in the last 5-year plan, its direction for the period of the Eighth 5-Year Plan, and the involvement of organizations in the Czech SR in the comprehensive program of research and development of the CEMA countries up to the year 2000.

It also evaluated the cooperation of economic agencies with organizations in some Soviet republics in implementing the program of long-term economic and scientific-technological cooperation between the CSSR and the USSR up to the year 2000 and adopted the principles for its further progress.

The Czech Government also adopted a program of environmental protection for 1987-90 and the main tasks for its implementation. The aim is to gradually improve the environmental conditions in keeping with the conclusions of 17th CPCZ Congress. Along with the Czech SR National Front Central Committee the government issued an appeal directed at improving the activity and ensuring the widest possible cooperation of citizens and organizations in the interest of better environmental protection.

When discussing the state of and further steps toward protecting underground water from pollution the government underlined the need to protect them thoroughly. The Czech Government agreed to adopt a program of measures including the rebuilding of operation and production equipment [as heard] at places where the protection of underground water sources has so far not been secured in keeping with the norms of the Czechoslovak state and the trade union.

/9604

CSO: 2400/147

ACCELERATION IN AGRICULTURE NOT TOTAL SUCCESS

AU041332 Prague RUDE PRAVO in Czech 2 Feb 87 p 1

[Editorial: "Changing Attitudes in Agriculture"]

[Excerpts] Compared with the previous 2 bountiful years, the crop production declined last year. Grain, sugar beets, hops, and other crops were below the targets of the plan. Nevertheless, the economic indicators were fulfilled. The majority of agricultural enterprises made the planned profit. From that it is obvious that the united cooperative farms and state farms can quickly react to changing conditions, to various amendments of economic instruments and management rules. They are already embarking on the course of increased independence and accountability of enterprises, on the course of full *khosraschet* [economic accountability] and, gradually, funding from retained earnings.

In the majority of work collectives they have grasped that it does not pay to hesitate and wait, or even dodge. The state cannot forever so generously—compared with other developed countries—subsidize the aforementioned sector of the national economy, even though it plays an indispensable role in the life of society.

The shift in people's consciousness is certainly valuable and useful. However, it is often accompanied by thinking and behavior whose consequences must be carefully analyzed and considered. For example, the assertion of only narrow, purely businesslike, sectoral, and departmental interests of the "no-matter-where-you-get-it-from-as-long-as-you-get-it" type in order to make profits and get bonuses at any price. Or the entrepreneurship which diverts attention from an effective intensification of the plant production as the foundation of agriculture, and embarks on one of the seemingly easier paths to make money. Such things will not probably help much to accelerate the development of our society. And if they do, then it will be only temporary and at the price of later difficulties.

Also opinions are emerging that now everything will be measured only in koruna and everything will depend entirely on managers and their accuracy, knowledge, uncompromising attitude toward subordinates and such like. And thus, people's initiative actually will not be needed now. There

are individuals who are waiting; they do not believe that anything will change, and they hesitate. In other words—we live in a period of a great ferment of ideas, of search for more efficient ways to accelerate the development of the economy and satisfy the needs of the population. Changes in people's psychology are a necessary prerequisite for all further changes.

Socialist entrepreneurship is not identical with "playing in one's own sandbox," haphazardly, wooing manpower, material, the best seed, and resources to the detriment of someone else. It is the indiscipline, the lack of restraint, and disorder which retard advancement. After all, what is involved is national effectiveness whose foundation can only be planned management, of course, performed much better than has been the case to date. Combining the initiative of enterprises with the advantages of centralized management will also require substantial changes in the quality of the work of the ministries of the agroindustrial complex, including lower components of the state management. How complex this work will be is shown by the Principles For the Restructuring of the CSSR Economic Mechanism, published in RUDE PRAVO recently.

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CSO: 2400/147

MINISTER ON ELECTRICAL ENGINEERING INDUSTRY PROBLEMS

AU281114 Bratislava PRAVDA in Slovak 26 Jan 87 p 3

[Interview with Professor Engineer Milan Kubat, CSSR minister of electrical engineering industry, conducted by RUDE PRAVO's Vladimir Cechlovsky and PRAVDA's Peter Sitanyi and Josef Supaak: "Everybody Carries a Part of the Responsibility"—place and date not given]

[Excerpts] [Question] Despite the fast pace of the development [of the electrical engineering industry], the strain between the sector and its users is not dwindling but, on the contrary, increasing. What do you see as the cause?

[Kubat] The needs of the economy are growing faster than the recent results and surveys of needs foretold. Our users did not anticipate such great growth of needs, especially as regards electronic components. We foresaw the growth of need for electronic components and we were preferentially developing them. Today we see that this was still not enough, and users are rightly criticizing us. However, faster development was not possible for reasons of insufficient investment capital in the Sixth and Seventh 5-Year Plans. Moreover, we are incapable of ensuring the entire range of products, and we are not even orienting ourselves toward it. By this I do not deny errors and shortcomings on our part.

[Question] Which ones do you have specifically in mind?

[Kubat] Perhaps that we still have not succeeded in achieving the desire innovative activity, even though it has been increasing from year to year. Although the cycle of fundamental innovation in electronics in the world is about 3 years, in our country it is 4-5 years, and in some cases even longer. Especially as regards quality and reliability we have a lot to catch up with, especially in consumer electronics. These facts, in particular, are the reason why in the Seventh 5-Year Plan we did not fulfill the volume of planned tasks in exports to the nonsocialist countries, and the tasks regarding the profitability.

[Question] How were the targets in raising labor productivity fulfilled?

[Kubat] In the years of the Seventh 5-Year Plan, productivity rose by 50 percent based on adjusted value added, which is high compared with the 26 percent growth of productivity in industry. Despite that, our productivity is still low compared with the rest of the world. The main reason is our antiquated technology. From the viewpoint of technology and service life, an entire quarter of the machinery has been written off, but its replacement by new technology proceeding only slowly.

[Question] Let us go over to the first year of the Eighth 5-Year Plan. Some tasks could not be fulfilled 100 percent. Several enterprises, so to speak, were walking on thin ice, and they were not only slipping, the ice was breaking under their feet. Serious shortcomings regarding supplies of materials caused great shortfalls in production, for example, in TESLA Orava, in the Computer Technology Plants in Banska Bystrica, and others....

[Kubat] The first year of the Eighth 5-Year Plan was difficult for everybody, but even more so for us because we continue at a fast pace. We do not want to make excuses, but the truth is that, particularly last year, we had serious problems with ensuring materials for production. We lack many special materials--metal, chemical, ceramic, and others. For example, the chemical industry is often capable of delivering to us, on the basis of its planned pace of development, only 80 percent of the required volume and range of raw and processed materials. Some materials and components are not available either in our country or in other socialist countries, and must be imported from the West. Despite that, the mid-year pace of goods production in 1986 was the highest of all branches of the national economy, amounting to almost 108 percent.

[Question] But what was involved in the cases of the enterprises you just mentioned were shortfalls in deliveries within the sector....

[Kubat] Sure. But they were intrasectoral deliveries of components which, again, required input of materials which are in short supply, from other sectors and from abroad. On the other hand--at least for the key final assembly enterprises, such as TESLA Orava, ZVT Banska Bystrica, and ZPA Cakovice--the manufacturers of the component base (the economic production unit TESLA Roznov) were, in principle, capable of ensuring components from their own production or through international cooperation. However, the situation would not have become aggravated, had there been more discipline, initiative, and foresight.

[Question] But components cannot be blamed for everything. Many plans, of which society expected a lot, are stuck halfway, and that also for other reasons. For example, the licensed production of color television screens has not come on stream as has been envisioned.

[Kubat] When introducing the production of color television screens, we set for ourselves the task of starting faster than the licensor's timetable stipulated. We had quite a few problems with this faster start up in

production of color television screens and problems with the glass for them. It is a very exacting new technology, which requires training the staff, creating new habits in them. These problems have been surmounted, however. They grappled with them in TESLA Roznov. Also, glass production in Valasske Mezirici is now underway. The technical-economic parameters are constantly improving, and production is increasing. The plan of the production of color television screens is being fulfilled and exceeded. The color television screens are being exported to the socialist as well as non-socialist countries. We only have problems with the imports of smaller-sized color screens for Czechoslovak-made portable television sets. We are resolving these issues on the basis of international agreements through countertrade with the GDR, the Polish People's Republic, and the USSR, and of late also with China, as well as through imports from nonsocialist countries.

[Question] We understand the sector's needs to export, but, on the other hand, the export of products could have unfavorable repercussions on our domestic needs. This, for example, concerns electric motors. Many economists complain that their shortage slows down the final assembly of presses, machine tools, and other export articles. On the one hand, the sector gains by exporting them, on the other hand final assemblers in the engineering sector are losing foreign currency because of delayed exports. What solution would you propose?

[Kubat] The production of electric motors in our country is high, and we have also invested large resources in that sphere. In the Sixth 5-Year Plan, the production of electric motors increased by about 25 percent and its value reached almost Kcs2 billion. In the Seventh 5-Year Plan, the production increased by about 40 percent. In that period the exports of electric motors increased by 83 percent, but imports dropped to 54 percent. This is not a good trend. One of the reasons is that the suppliers from the CEMA countries have been thus far lagging with their deliveries. They also manufacture motors with different parameters and our users often do not want to accept them, although great international specialization and cooperation exists in the sector. And the solution? It lies—one—in a higher international labor division, and—two—in increasing our production, for which we have created the necessary prerequisites. Our users must also contribute by depending on imported electric motors, even if our sector or an enterprise has to adapt them to suit our parameters.

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CSO: 2400/147

BRIEFS

ELECTRICAL ENGINEERING UNIT MEETING—Today's annual meeting of the primary organization of the CPCZ members in the electrical engineering research unit in Nova Dubnica analyzed the contribution of the Communists in speeding up the introduction of electronics to machine tool industry. Present at the meeting was Miloslav Hruskovic, candidate presidium member of the CPCZ, secretary of the CPSL Central Committee. He pointed at the problems of consumer machine tool industry last year and praised the effort of the staff of the unit in the intensification process of electronization of the national economy. [Text] [Prague Domestic Service in Slovak 2200 GMT 9 Feb 87] /9604

CSO: 2400/147

THIRD PZPR CC PLENUM FOCUSES ON ECONOMIC PROBLEMS

Warsaw TRYBUNA LUDU in Polish 17, 18, 22 Dec 86

[Statements presented during open floor discussion at Third PZPR CC Plenum, held 16-17 Dec 86]

[17 Dec 86 pp 5,6]

[Excerpts] Comrade Jan Rybczynski, managing director of the Zalom Cable Factory in Sacsacin:

In order to implement the goals of economic reform, the speaker said, new wage rules had to be instituted. The modification of the wage system took place in two stages. We began with work standardization and organization and a review of the employment structure. The result was more work shifts in production and a 10 percent reduction in nonproduction employment. At the same time, different wage rates were established for particular jobs, based on the principle that good work deserves higher pay.

Initially this new system met with opposition, primarily from employees who were not very productive. But thanks to the political and explanatory work conducted by the party organization and the union, the opposition was overcome.

Better management of what was already available made it possible to modernize the machinery stock and greatly improve working conditions, which resulted in higher quality of goods produced.

Despite this generally favorable assessment, economic reform encounters many obstacles. One of them is the inconstancy of regulations. I understand the need to adapt existing solutions to current conditions, but I believe that matters so basic to an enterprise as taxes, distribution of materials, or the system of foreign-exchange allowances, should not be changed so often since that makes long-range planning in the enterprise impossible. And if certain changes must be made, they should be announced well in advance.

Comrade Marian Truszkowski, CC member, master of hull-outfitting at the Lenin Shipyard in Gdansk:

The speaker devoted his speech to answers to questions on what the second stage of economic reform is and on what it is based, what it means for the Gdansk Shipyards, and how the workforce is reacting to it.

Reform, he said, is perceived by the workforce as the need to make a greater effort under worse conditions, while tightening the belt because of the rapid growth of prices.

Our workers are clearly disturbed by the very slow progress in economic reform and the stagnation in the reconstruction of organization structures. Economic reform is not reaching the work station. I propose, the speaker said, that at today's plenum we adopt a tighter deadline for the implementation of specific tasks in the second stage of economic reform.

Comrade Truszkowski then reported that the shipyard crews are performing the tasks assigned to them under difficult conditions, and the production is intended almost entirely for export. He spoke critically about the unavailability, of technical materials. With the present monopolized producer market, he said, it is almost impossible to select suppliers of materials and services or to negotiate prices. This limits the autonomy of enterprises.

The speaker praised the plant wage systems but was critical of the method of calculating seniority allowances.

In concluding, Comrade Truszkowski talked about coproduction problems. He suggested that at the supraministerial level an assessment should be made of coproduction and supply problems showing what can be profitably sold abroad. It is essential, he said, that an economic mechanism be created which would give priority to lasting coproduction ties. Cooperation in this area should also be developed with the Soviet Union and other CEMA countries.

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Prof Zdzislaw Sadowski, president of the Polish Economic Society:

We have entered the second stage of reform, the speaker said. This term arouses a number of misapprehensions. The question constantly arises: What about the first stage? There are fears that the second stage indicates a change in the concept of reform. We must tell ourselves clearly that there is no reason to change or modify the concept of reform which was adopted 5 years ago. But what must be changed is the way in which reform is being implemented because it is proceeding too slowly and inconsistently. We must begin to make definite, rapid progress. In order to do this, I believe that there must be close interrelationship among three courses of action. I define these courses as reform, balance and restructurization, i.e., a change in the country's economic structure.

At the head of the list is the matter of prices. Prices must balance supply with demand. Without this, we will have to resort to various forms of state control, which destroys management efficiency. However, the market must not be balanced by an increase in prices. Production growth is most important, and above all, elimination of costs of poor work and poor organization.

Second, we must rapidly and decisively begin to change the structure of the economy. We must expand highly processed, science-intensive export. We must also reduce energy-intensiveness. We do not need inefficient producers and we must eliminate them in order to make better use of their assets in other organizations. The speaker also said that funds for modernization should not be scattered around, but that modernization should be conducted more selectively, omitting the less-efficient factories.

We should not pay for the number of hours spent on the job, but for results, enterprise, initiative, wisdom and talent. The fundamental sense of reform is based on developing enterprise, initiative and flexibility of management within the framework of a socialist economy.

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Comrade Zbigniew Hanf, CC member, miner, president of the trade union in Staszic Coal Mine in Katowice:

The speaker began his statement by saying that it is often said today that the quality of life is improving, that the party ranks are being consolidated, that the standing of self-managements is rising, and that production tasks are being performed well. Why, then, he asked, are basic tasks in many branches of the economy being performed with such resistance? The quality of work is low and there are large losses in production. There are many misapprehensions in views on the subject of coal, he said. Two years ago the government submitted to the Sejm, and the Sejm approved, a program for the development of mining and power to the year 2000. Not much time has elapsed and some people already feel that it is not a good program. We miners know that to build a mine or a power plant costs a lot of money and that it is harder to mine a ton of coal than to save it. And we also know that in our country it is not easy or simple to conserve anything. And already there is not enough coal.

Also, the plan provides that we must further increase production, build new homes, hospitals and schools, and expand industry. For all of this, as the draft of the plan furnished to us shows, there must be enough coal from what we conserve and from the brown coal that we mine. And if we are not able to save or extract as much as is really needed, and everything that we are supposed to do is not done, then what?

As you know, I am a simple miner, but when I heard at this year's annual miners' festival that we have completed our last new mine, construction of which began 10 years ago, a cold shiver ran down my back. And not just because I am a miner, because for me and for those who are now mining coal in our existing mines there is enough. But will there be enough for our economy, even if we conserve as much as is planned? I doubt that through conservation and extraction there will be enough to do everything that is written in the plan. For example, will it be necessary again to restrict the export of coal?

I think that we should not approach the problem of coal mining in a piecemeal fashion, said Comrade Hanf. We must take many courses of action. We must work to obtain zlotys, dollars and energy, and also to expand, or at least stabilize extraction. Initially we should be able to replace at least every 50th ton of coal, sulfur and copper exported with sales of inventions, new technologies, professional reports and scientific books.

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Comrade Tadeusz Hupalowski, deputy chairman of the Central Auditing Commission and chairman of the Supreme Chamber of Control (SCC):

The speaker discussed various areas of the economy from the aspect of the results of inspections conducted by the SCC and the Workers-Peasants Control. He called attention to the improper relationship between work input and results, mistakes in the process of applying reform, and the harm done by inefficient management and waste. The speaker said that the money spent for capital investments brings only 65 to 70 percent of the anticipated material results. In 1985 only 67 percent of the planned length of waterpipe network was completed and only 59 percent of the planned water intakes. The money has been spent but the facilities have not been built.

Investigation has shown that new factories reach their design production capacity very belatedly. During 1982-1985 production targets were not reached for capital projects valued at 430 billion zlotys. This is one-third of the design capacity. Dispersal of capital projects, prolonged implementation cycles, and delayed startup of new capital projects, results in additional costs and increases the commitment and freezing of outlays.

Perhaps we are spending too little in relation to our needs, Comrade Hupalowski continued, but certainly relatively large sums have been spent for research and development work in connection with conservation of fuels and energy (4.5 billion zlotys). But thus far the results have been negligible. The coordination plan for a government program called "Comprehensive Development of the Power Industry" provided that 6 to 8 million tons of standard fuel would be conserved in 1985. In actuality, only 100,000 tons was saved. The main reasons for the poor results include mistakes in work planning, improper coordination of the work underway, and serious errors in calculating work results, both substantive and financial.

The SCC has recommended that the members of the management of the Power Industry Research and Development Center, responsible for allowing the serious errors to be made, be relieved of their positions.

The SCC chairman said that enterprises have shown little interest in modernizing production processes and the products they produce (during 1982-1985 only one-third of the money in this fund was used, leaving over 72 billion zlotys unused).

Comrade Hupalowski related the ability to reduce inflation to a reduction in manufacturing costs. He spoke extensively on this problem in connection with the inadequate progress and mining and in land reclamation. The SCC chairman

is against the thesis now being advanced that simple reserves in the economy have been or are being exhausted. There is still a great deal that can be done. He supported this assertion with an example of waste in the sugar campaign in the Torun and Kielce voivodships. As disinvestment in technical facilities increases, modernization of machinery and equipment and repair and conservation becomes more important. In 41 of 52 enterprises which were inspected, the condition of such machinery and equipment was found to be poor.

The SOC Chairman also spoke of matters connected with thrift in management, ways to combat management inefficiency and waste. Only a few of the 159 enterprises and cooperatives inspected showed an improvement in quality. The anticipated improvement in quality of production is lacking. The number of claims and costs of warranty repairs is growing.

An especially important form of waste is found in multifamily housing construction in the form of construction defects (frost penetration, seepage through walls). There were twice as many of these in 1985 as in 1981-1982.

The speaker called attention to the lack of proper care being exercised over railroad transportation means, cargo at the border stations and in the ports, and observance of discipline and the law by those traveling abroad on official business. The SOC recommends to the appropriate organs that the guilty persons be punished by the party and their employers, through financial penalties, and in justified cases, by jail sentences. In 1985, 6,213 people were punished through their employers. Of these, 904 were in management positions. During the first 9 months of 1986, 4,806 such recommendations were made, 702 in regard to persons in management.

The second stage of economic reform, Hupalowski said in conclusion, requires that responsibility be increased for evidences of uneconomical management, failure to observe the law, negligent performance of duties, lack of supervision, exploitation of job position for personal gain, and finally, violations of the principles of socialistic justice.

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Comrade Włodzimierz Natorf, CC member, Poland's ambassador to the USSR:

The speaker shared his personal observations on the transformations occurring in the USSR. He pointed out that the approach to rebuilding and the cohesiveness of all of its components is very thorough. The reorganization of the management structure is accomplished in a planned way. During this process the self-dependence of enterprises grows and market mechanisms come alive. More and more workplaces are becoming self-financing. There is more feedback between science and technological processes.

I believe that Poland's economic policy during the next few years should be shaped so that its rightful position among the CEMA countries is restored, the ambassador said. The recent comprehensive growth of economic trade relations with the USSR should serve to achieve this goal. Other helpful measures would be consistent implementation of basic agreements between Comrades Jaruzelski

and Gorbachev and a long-range program for economic and scientific-technical cooperation between Poland and the USSR to the year 2000.

One important decision is the balancing of turnovers and then a reduction in Poland's debt to the USSR. The agreement reached to postpone the repayment of our basic debt until after 1990 is a good one. It gives us further opportunities to strengthen our national economy and preserve and enhance the growth tendencies which are now apparent.

We should, once and for all, stop thinking that anything, and of any quality, can be sold on the Soviet market, underscored the speaker. It would be well if we would quickly rid ourselves of such misconceptions. The opinion that we are a reliable, credible partner in international relations is extremely important. And I am speaking not only of Poland's good reputation, although we should also be very concerned about that. A reliable partner always profits, and an unreliable partner, sooner or later, loses a great deal.

In assessing past forms of cooperation with its Soviet partners, Comrade Natorf said: New, progressive forms of cooperation, based on credit assistance from the Soviet Union and the reconstruction of large export plants in Poland, are extremely important for future economic and scientific-technical cooperation and increased Polish-Soviet trade; for the creation and operation of joint enterprises and organizations, already comprising 370 Polish and Soviet industrial enterprises and 207 scientific-research organizations; and finally, for the development of border trade and exchange between domestic-trade organizations and enterprises.

A number of very important agreements were signed recently during meetings between premier Messner and premier Ryzkova in Warsaw. Through the initiative of the party leadership and the government, new progressive forms of cooperation were begun which are of an experimental and pioneering nature. They will help to deepen the integrating connections between the economies of our countries, expand the scope of cooperation, promote the growth of production and its modernization and industrial coproduction--which constitutes the beginning of future large international industrial-trade and scientific-production organizations.

The application and development of new forms of cooperation between the USSR and other socialist countries may cause skeptics to believe that closer cooperation within the framework of the CEMA may restrict our economic relations with the West. This is a great misconception. A strong, i.e., a really partnership relationship of Polish industry with the West can be achieved primarily thorough development of economic relations with the CEMA countries, by combining the financial, technological and intellectual potentials of our enterprises.

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[Excerpts] Comrade Roman Ney, CC member, director of the Academy of Mining and Metallurgy in Krakow, secretary of section VII of the Polish Academy of Sciences:

The subject of Comrade Ney's speech was energy problems. He said that of the European countries which have a climate similar to ours, we have a low per capita energy consumption (in 1985, 4.7 tons of standard fuel, compared with 6 tons by our neighbors). In our country the energy-intensiveness of our national income is 1.25 to 3 times greater than that of other, comparable to us, countries in Europe. On one hand, we have lower supplies of various forms of energy, and on the other hand, we use it wastefully. This is characteristic of an extensive economy, caused by an incorrect structure.

The awareness of this state of affairs is still not total, and it is sometimes oversimplified. The government adopted a program for efficient consumption of energy, by which we should gain 22 million tons of standard fuel in 1990 and 70 million tons in the year 2000 through conservation.

In the speaker's opinion, delays in relation to needs, investment in conservation endeavors, lower amounts of money allocated for this purpose than the Sejm resolution on expansion of the power industry, passed in March 1985, postulated, and reduction in the plan for construction of new hard-coal mines, will create a difficult situation after 1990. Comrade Ney proposed seven ways by which this may be overcome:

First, the extraction of hard coal below 190-192 million tons cannot be permitted. Second, investments in energy conservation should be such that at least 22 million tons of coal are saved as quickly as possible after 1990. Third, the government should adopt a program for improvement of management efficiency within the fuels and power industry. Fourth, a program should be developed and instituted for utilization of unconventional sources of energy (local sources, pilot programs on geothermal energy). Fifth, the country should be broken down into regions from the standpoint of constant availability of various types of energy carriers (hard coal, brown coal, wood for fuel, and exploitation of small hard-coal and natural gas deposits). This means that energy users will have to be equipped with special types of furnaces. Sixth, insofar as supplying the economy with natural gas from domestic sources is concerned, the facilities of petroleum exploration enterprises should be improved and modernized as soon as possible. Seventh, we must develop a unified economic system of prices, energy carriers, economic incentives and tax reliefs.

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Comrade Mieczyslaw F. Rakowski, CC member, vice-marshal of the Sejm:

The economic goals being set for the economy cannot be achieved unless vital changes are made in social awareness and, as a consequence, in action. That is the thesis with which Comrade Rakowski began his statement. The party, he said, in preparing a program of political support for these changes, must recognize the existence of many obstacles of a psychological and political nature which delay and frequently even block the growth of work efficiency in socialism. The party can and should initiate a great movement of sociopolitical thought and re-education.

The speaker regards the overcoming of the price barrier to be the most important task. Price increases, he said, are the main subject of talk in the workplace. There is a growing anxiety about the future and what the next year will bring. The working people also assess the country's economic situation based on careful observation of the long-standing obvious conflicts and contradictions in economic policy.

There is also a long history of poor management, based on the belief that quantity and not quality is important, and that large works are important and not details. But in ignoring those values which entail that which is small, large reserves of mobility, innovation and flexibility are lost.

We should also look differently at Poland's economic history and stop to think whether or not we are using our "difficult childhood" as an excuse for our weaknesses. Today, said Rakowski, this argument does not apply to most Poles.

Rakowski regards the lack of cohesiveness in economic policy, which is often responsible for an attitude of passivity, to be particularly acute. For example, we have become specialists in lighting and putting out the green signal in various fields of the economy. The centralized system for planning and managing the national economy has bred a deeply rooted conviction that centralized efficiency is possible. This conviction has inculcated into an entire generation a deep faith in the effectiveness of directives, resolutions and laws, which are supposed to stringently regulate the conduct of manufacturers in the production process.

There is also something quite disturbing in the fact, Rakowski remarked, that for several years now we have been discussing the need for structural changes in the economy, but if we take a close look we find that actually we are repeating a model much the same as has been applied for decades.

Why is this? In looking for an answer to this question, the speaker pointed to a lack of impetus and boldness in a decisive reformation of those structures which block the initiative of individuals and groups. Therefore, he said, a question arises about the real, deep, perhaps institutional reasons for this state of affairs.

Next the speaker focused attention on the place of the central authorities in the country's socioeconomic system.

There is a widespread view, he said, that the organization of the central authorities is based more on combining, and less on dividing, central offices, i.e., on shifting offices and changing titles. We must take a closer look at the emotion that this subject arouses. For many years the central authorities fulfilled the role of the only disposer of production and controllers of these funds. If the three S's [self-financing, self-dependence and self-management] are to become the basis for the functioning of a socialist enterprise, the position of the central authorities must undergo change. Thus this role, which in the process of modernizing the socioeconomic structure is fulfilled by an extensive state apparatus, should be subjected (by the party) to a detailed examination, Rakowski concluded.

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Comrade Eugeniusz Pustowka, CC member, managing director of the Lenin Steelworks in Krakow:

The speaker said that the present plenum of the Central Committee is taking place at an important time because it has been 5 years since the new principles of management began to be applied. Fears have also arisen as to the correctness of certain instruments of reform and the direction of change in the light of the difficulties and mistakes appearing in the economy, despite the many favorable aspects which are also evident. These fears are expressed not only by specialists but also by ordinary citizens, and are frequently fueled by inimical forces. Comrade Pustowka described the wide range of attitudes of workforces and workplaces, which are not always correctly utilized by reform. In some enterprises even concern for the future, the condition of the fixed assets, has been set aside and attention is being concentrated on immediate results, immediate profits. To a large degree this has disturbed the relationship of the workforce to its work results. This is very dangerous because it affects the cardinal assumptions of reform.

Meanwhile, in many enterprises, mainly in the raw-materials and heavy industry—so important to the economy—these possibilities lessened as their work improved. The speaker used the Lenin Steelworks as an example. During 1982-1986 a 20 percent growth in production was achieved, but profits dropped from 12 to 5 billion zlotys. This had its repercussions on the enterprise. Despite the great concern shown to such basic industries as mining and metallurgy, the results of this concern seem to require rethinking and a new approach. It is important that these enterprises not find themselves among those which plead for relief and about whom the public has a negative opinion.

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Comrade Alfred Miodowicz, Polithuro member, chairman of the new Trade Unions:

The Congress of the Polish Reborn Trade Unions has come out in favor of accelerating reform and efficiency. It has come out against helplessness, barriers created by inefficient bureaucracy at all levels, confusion, inconsistencies, and really obvious absurdities. For example, the absurdity that the state is calling upon its citizens to commit more of their money to the building of housing, that the ministries are working on this with all of their might, but that when a workers group wants to build—mainly for its own money—houses for its members, the state apparatus and officials in the sanitation, surveying and architectural departments, do everything they can to successfully knock that idea out of their heads.

Alfred Miodowicz reminded that the trade unions from the beginning spoke out in favor of economic reform. But, he underscored, we are interested in specifics and not in promises. That is why we stayed with the idea of collective labor bargaining, because we saw in it a chance to put wages, social security protection, and collective consumption in order. That is also why we consistently brought up, and are still bringing up, the matter of excessive food prices and automatic increases on food. We said that this

threatens the working people's living standard. That is why we abolished the Vocational Mobilization and Retraining Fund, which gave a chance to those who did not do good work and discriminated against those who during the worst years managed to keep the plant afloat.

The chance, said the speaker, lies in work organization and conservation and not in making people work on free Saturdays, overtime, and in work teams. The Trade Unions approve, with praise, the offensive announced in the Politburo paper which aims at stimulating initiative and enterprise. We will also take part in this. This also seems to be the sense of the second stage of reform. But if we want to properly enter this second stage of converting the economy to efficiency, we must state very precisely at what point the first stage ends and at what point we begin anew.

We must clearly define the pluses and minus of what we have done thus far. Therefore, Miodowicz continued, we should prepare a draft law on the wage systems, about which deputy premier Zbigniew Szalajda spoke, however ominous the mention of wage discipline sounded. We must also make a critical examination of the application of a tax on above-norm wages, because the concept of the guillotine system of the functioning of this tax is in conflict with the principles of economic reform.

Insofar as subsidies are concerned, it must be said that no reasonable person expects that they will be totally eliminated. However, the fact, underscored in Comrade Marian Wozniak's paper, that 40 percent of the relief for enterprises consists of personal discretionary reliefs, is disturbing. It would be worthwhile, suggested the speaker, to determine how many of them were the result of "arrangements" and influence. If subsidies are drastically reduced and there are no institutional safeguards, there is the fear the consumer will pay for the economic compulsion. We believe that a firm should pay in full for its inefficiency, i.e., that the effects of bad management should not be compensated by price increases. Without such measures we will not be able to go forward.

There are subsidies which are necessary, but they should create the price of the product and not support the producer and his inefficiency. Continuing, the speaker referred to the costly price formula as being in conflict with the principle of efficiency, treating this problem from the standpoint mainly of housing construction. It is expensive for state firms to build houses, said Miodowicz, because they build them in accordance with the cost formula of prices. Costs are covered out of state credits, which for the most part are frozen. A large housing cooperative and large building combines live in symbiosis. This monopoly paralyzes human initiative. It is high time we changed this.

The fact that only 30 percent of the annual plan for housing construction is to be fulfilled in December upsets the public. Under these circumstances, housing construction should be dealt with specially in the National Socioeconomic Plan and a larger number of newly built and renovated apartments should be provided at the expense of other areas of the economy. We should also immediately begin to reinstitute communal housing, which would break the monopoly of the large housing cooperatives.

But to do this, we must have the support of the workforce. Unfortunately, under the present economic mechanisms, the workforce does not see a close connection between the benefits to the enterprise and the fulfillment of its expectations. Meanwhile, if the steelworks' profits increase, it should proportionally increase the incomes of its better-working employees. The present regulations do not ensure this.

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Comrade Stanislaw Kalkus, CC member, foreman in the H. Cegielski Metals Industry Plants in Poznan:

Work organization, job review and certification, utilization of the machines stock—those are the problems on which the party organization at the Cegielski Plants is concentrating a great deal of attention. Among the suggestions sent to the plant management and the workers' self-management, the most important, Comrade Kalkus said, is assurance that two-shift operation of the most productive machines and equipment will be fully staffed. That portion of the machines stock which does not ensure high productivity should be sold to other plants. The money obtained from the sales should be allocated for modernization or purchase of new machine tools. Why is this not being done right now?

In Comrade Kalkus' opinion, people have become accustomed to one-shift work and the introduction of another system may result in large fluctuations among the workforce and quitting for other workplaces.

It is the opinion of our party organization that the problem is certainly complex, if only for reasons of energy restrictions. But work on productive lathes, work that is better paid and less arduous, may also be competitive with work done in other factories.

Further the speaker said that the degree of commitment in establishing production orderliness is far from satisfactory. Measures must be taken to include technical organizations and societies in Cegielski's activities on a broader scale. Right now many suggestions are made informally, but there is not enough input in creative technical progress. The response to workers' initiative must be collaboration, on a partnership basis, with our engineering staff, in order to speed up implementation of the 19th Plenum resolution, on which execution of the resolutions of the 10th Congress is based.

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Comrade Stanislaw Knap, CC member, machine operator in the Krakow-Plaszow Locomotive Works:

We cannot allow the belief to become entrenched among the people that the second stage of reform is to consist only of changing some regulations which control the functioning of our economy.

Changes must be made in the instruments of reform in those areas of socioeconomic activity where the existing ones are not working. The attempt

to put a stop to the unjustified increase in wages should be regarded as being completely correct. But it is difficult to agree to the concept that the Council of Ministers will have the power to include, in the National Annual Plan, a wage growth indicator in the cost load, which will require that if costs are exceeded, a tax must be paid. Approval of such a solution may disrupt the connection between wages and management efficiency, and particularly between wages and growth of labor productivity, which brings with it a growth in production. Therefore, the unjustified growth of wages should be halted by suitably modified economic parameters, consistently observed, with a tax assessed on an above-norm growth of wages.

In addition, from the standpoint of better management efficiency, it is important that the conditions be defined which must be fulfilled when enterprises are combined. Can this be done without the consent of the self-management? There are arguments for and against, and the right solution must be chosen. The government should and must make decisions where energy is involved, taking into account insofar as possible the suggestions and proposals that are made. It appears that the directions of the proposed changes lead in the future to greater agreement between the activities of the enterprises and the assumptions of the National Socioeconomic Plan, that they will compel management efficiency and speed up engineering progress.

But it should be said that there is still a definite group of unreformed enterprises where no new solutions are sought and operation goes on under the old plans. In this group all proposed changes and improvements will be criticized as being imperfect. And we will have to expect this, although I am convinced that it will not be their votes which will be decisive in economic reform.

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Comrade Andrzej Koperski, CC member, foreman in Stalowa Wola Steelworks:

I left the most current, and at the same time most vexing, problem to the end of my statement. It is a problem which has upset the workforces and has provoked stormy discussions on the principles of the functioning of economic reform. I am referring to the proposal for changes in laws, including the law on state enterprises. The workforces regard them as an attack on self-management, not as effective mechanisms which would help overcome difficulties. They pertain to the declaration of the PZPR 10th Congress on the continuation of economic reform and the maintaining of its self-management character. In economic reform there is no remodeling of superplant structures, no adaptation of the central authorities to the new situation. Only workforce integration and identification with factory self-management can play an important role as a factor in the stabilization of the economy and the stimulation of its development. The impact on the workforce must come about through economic compulsion, with essential improvements in engineering and technology.

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Comrade Ryszard Matusiak, CC member, farmer in the Adolfowo Farming Cooperative, Pilsk Voivodship:

The 10th PZPR Congress in its resolution explicitly defined tasks and the order in which they were to be executed. First of all, we must satisfy society's basic needs: Food, clothing and other daily necessities, housing and energy, and then other tasks, but not the most important ones, named in the resolution.

Referring to favorable growth tendencies in agriculture production this year, Comrade Matusiak said that it is in agriculture that the new elements of economic policy and reform are being applied most rapidly and most efficiently.

After describing the farming situation in his region, with particular emphasis on the good results obtained, Matusiak said: All of these decisions which treat us farmers and farm employees as something in vogue or as a hose to put out fires are disturbing to us. When there was a shortage of food everything was done to stimulate agriculture to produce more, but now when the situation has improved, attempts are being made to tighten the screws. The debates on the size of investment outlays for the food industry give me the right to draw such a conclusion.

Agriculture is the countryside, and the countryside means not only work every day of the week, it means the normal life of people who are permanently tied to the countryside. The living and working conditions of the rural population are far different from those of city people. Without even mentioning the arduousness of work and life in the countryside, the social and technical infrastructure clearly does not compare with that found in the city.

I want to call attention to one of the problems which is constantly being brought up at meetings--the bureaucracy. We are drowning in a sea of regulations, the popular tendency for inspections, conferences, etc. But I believe that a review and modernization of organizational structures in the economy and the state and job certification will have a decisive effect on the elimination of this bureaucracy.

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Comrade Edward Sawicki, CC member, grinder in the PZL-Mielec Transportation Equipment Plants:

Comrade Sawicki began by pointing to the lack of consistency in the implementation of reform. He underscored the weaknesses in the flow of consumer goods and the demands being made by the workforces. If we believe that the bases for reform are correct, he said, then it is high time that we implement reform with full consistency and responsibility. We cannot afford a series of stages, although this does not mean that changes should not be made where necessary. Further delays may bring about social consequences which are difficult to define.

As regards the experience drawn from work at WSK-Mielec, he said: The organization of production in our economic units is not the strong suit of their activities. Will the brigade system improve this situation? Does this mean that the "brigade is a cure-all?" There are 1,345 brigades functioning

in WSK-Mielec. This is the primary form of production. The brigades have a specified range of authority as to the personnel composition of the group, the internal division of labor, various forms of promotion, etc. But this does not mean that now everything is perfect, that nothing needs to be changed. That is why we are following the discussions with great interest and are also observing the first practical experience of the workers' partnerships with the thought that we might turn to them.

Changes in the present system of work organization in the enterprise will further strengthen the brigade system in production by increasing the autonomy of the worker-groups. Conversion of forms of work organization into worker-partnerships makes sense only if it is possible to guarantee them a definite range of autonomy. This involves giving them a number of other rights in regard to cadre matters, wages, supervision, control, etc.

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Comrade Janusz Tabaszewski, director of WZChG "Pollena" in Wroclaw:

Comrade Tabaszewski first described the experience of the Wroclaw Pollena plants in applying reform to economic practices.

In 1986 a number of measures were instituted, including a new system of compensation. The results are calculable: people are earning more and productivity rose 20 percent.

--We have achieved a 40 percent increase in production in terms of both quantity and value in comparable prices.

--We have started up production of new, high-quality products.

--We have entered into an agreement with the Ministry of Finances which provides that prices on above-standard products are balance prices. In this way we are helping to balance supply and demand.

These actions and their financial effects have made it possible for us to earn our own funds for development, repairs, and fair wages.

We see signs of pessimism among the management cadre and this is very bad. The manager must be a real optimist. He must believe in what he is doing and in what his workforce is doing. He must believe in the realism of the goals that are planned.

I think that this caused by the restrictive atmosphere which surrounds the director—"suspending" him between the parent agency and the self-management. He has the feeling that his "place in the ranks" is not fully defined. A simple example: A director cannot even select his own assistants. In other words, he is an unself-dependent director of a self-dependent enterprise.

A director should not be restricted by anyone in his ongoing operations. After all, he is, for all practical purposes, responsible for everything that

is happening or not happening in his enterprise. He is responsible for the actions of all of his employees and is personally punishable under the law.

Full autonomy for a director in the performance of current operations, holding him fully responsible for the results of actions, does not conflict with the idea of self-management and co-management.

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CSO: 2600/246

BAKA ON STATUS OF REFORM, ROLE OF BANKING SYSTEM

Gdansk DZIENNIK BALTYCKI in Polish 2 Dec 86 p 3

[Interview with Wladyslaw Baka, president of the National Bank of Poland, former chairman of the Reform Commission, by Maciej Bialecki]

[Text] [Question] Mr Baka, as the government representative on reform matters, you were one of its principal authors. More and more we hear opinions that reform is not being implemented consistently enough.

[Answer] I say unequivocally that without reform there would have been none of the undeniable achievements in our economy. Let us look at inflation, for example. It is well to know its scale. In 1982 prices grew approximately 100 percent and incomes rose approximately 60 percent. In 1983 prices rose 25 percent and incomes about the same. In 1984 both figures were 20 percent. Last year, incomes rose approximately 19 percent, and prices about 15 percent. Unfortunately, this year we will not be able to reduce the rate of inflation to the envisaged growth of prices—13-14 percent. They will probably rise to 18 percent.

[Question] I am stubborn and again cite the belief that there is a lack of consistency in the implementation of reform.

[Answer] I, too, am stubborn. In our conditions there are many sources of inflation. I do not want to bring up theoretical, historical or structural problems. There is no doubt that we want to divide up more than is being produced. Inflation, therefore, is the result of a struggle for division. This is not simply a problem of economics. Thus if anyone says that the economic mechanism of reform is not functioning efficiently let him look at these social aspects. Nevertheless, I do not wish to say that all mechanisms of reform are functioning perfectly. But I will add that simply correcting some mechanism of reform will not be enough. Society as a whole must do battle with inflation.

[Question] This sounds paradoxical. We know that we will not abandon our policy of social security for low-income people. At the same time, it is generally said that it is necessary to apply the second stage of reform. After all, this stage is nothing else but more stringent economic measures.

[Answer] I do not attach a great deal of importance to terminology. We cannot speak of qualitatively new institutional measures. There can only be revision, dictated by the experience that has been gained. We are entering a stage during which the institutional and legislative decisions which were made must be fully applied. We must put greater emphasis on ensuring economic balance. Without this balance, no economic body can function correctly.

And another matter. I am referring to a kind of closing up of loopholes in these mechanisms, which as a result of not always the best decisions, have made it possible to obtain unsubstantiated incomes. Incomes must be tied to labor input and creative ideas.

[Question] In many sectors consumption of production assets has already exceeded 50 percent. How does the banking system intend to help in the modernization of these assets?

[Answer] If we are talking about the banking system I would like to treat the problem more broadly. Reform has created a completely new position for banking. It has become one of the most important systems in the functioning of the national economy. It has to exert an influence on three planes: First, on restoring and strengthening economic balance and on increasing the function of money in this process. The possession of money must become a necessary and sufficient condition for the conduct of any kind of economic activity. Up to now this has not been possible.

The second plane is the influence that the bank has on the shaping of the economic structure. The system of granting credits--a bank's basic weapon--is now oriented so as to give absolute priority to the development of export production and the capital-project investments which promote it. We say officially that capital projects for export production may be financed 100 percent by bank loans. These loans carry an interest rate of less than 3 percent and may be repaid over the entire period of the operation of the capital project.

Finally the third plane, the influence of banks on improvement of management efficiency. Or more precisely, by granting loans, making it easier for those enterprises which want to help themselves. The principle of economic efficiency is the first and final condition in the commitment of funds entrusted to us. We will be consistent in our actions. This consistency means that notoriously ineffective organizations will be eliminated from economic activity. We are refusing to grant loans to those enterprises which do not guarantee that they will be utilized efficiently.

This is something new in a socialist economy. It must become accepted and widespread. It does not conflict with the principles of our political system. We are not undermining the right to work. We are only saying that we will not guarantee work in inefficient enterprises.

[Question] That is a grave statement. Lack of a successful mechanism for the elimination of inefficient enterprises is one of the accusations of the feebleness of reform.

[Answer] Since we are talking about accusations, let me make one comment. Bankruptcy in our situation is too costly. That is why, when an enterprise cannot qualify for a loan, we suggest "recovery" programs--a change in the profile of production or a search for ties with other more efficient economic organizations. This is one more way in which the production structure of the economy can be changed.

[Question] Reform has introduced into practice the retained hard-currency earnings allowance. In accordance with this allowance, the producer-exporter has the right to use a specified percentage of his hard-currency income for his own needs. The truth is that the allowances are recorded in the books, but too frequently the cash is not available.

[Answer] There are several reasons why this happens. We did not establish the sizes of these allowances very accurately in relation to our country's ability to make payments. For another thing, there was an accumulation of applications for hard currency. There is a saying in business that a small deficit breeds a large deficit. For all practical purposes we are now operating only in cash. The credit lines in the West are practically closed to us. When some enterprises encountered problems, the remaining ones frequently demanded that their retained hard-currency allowances be paid to them in advance. This caused the problems mentioned above. These matters are now being taken care of.

Certain changes will be made. It may be the retained hard-currency allowances will be tied more to commitment of an enterprise's own funds. Thought is being given to making it possible for those enterprises which have hard currency in their accounts to sell them, at the balance rate, to other contracting parties. We are working on many other ideas. Very simply, we want to effectively increase the interest in export.

[Question] I know that this may be a difficult question. As the president of the National Bank of Poland, what would you say are the basic goals of the banking system in the domestic market over the next few years?

[Answer] Insofar as the domestic market is concerned, our operations will be based on the necessity of strengthening the zloty. We will conduct our operations so as to fully participate in the shaping of economic processes. Our money must at last fulfill all of the functions of money.

[Question] Many of our citizens immediately associate a good zloty with an exchange or a denomination of money. When the minister of finances was asked about this recently he said that this is a matter belonging to the president of the National Bank of Poland.

[Answer] I will answer clearly. There will be neither an exchange nor a denomination. The money which is currently in circulation must become good money. It is true that we will have to change a great deal in our institutions and systems, but this we will do.

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CSO: 2600/276

PLANNER SHARES VIEWS ON ECONOMY, REFORM AT PZPR PLENUM

Warsaw RZECZPOSPOLITA in Polish 30 Dec 86 p 5

[Statement presented by Jozef Soldaczuk, member of the Planning Commission, at the Third PZPR CC Plenum held on 16-17 Dec 1986]

[Excerpt] In a situation when wages are far ahead of the growth of labor productivity (in 11 months, according to the Main Office of Statistics, wages rose almost 20 percent, labor productivity 4 percent, personal incomes 23 percent, while market deliveries rose 4 percent), obviously the first condition is that wage growth follow labor productivity growth. But it is important that the structure of production be correct, that it ensure that those branches which produce for the marketplace and are also very productive, and which are not fully utilizing the productive capacity of their factories, especially the efficient ones, make full use of such capacity. These changes are now essential. A rapid growth in labor productivity in branches which manufacture only means of production is not enough, because this, too, can have an inflationary effect if it is not accompanied by a commensurate flow of consumer goods.

The next matter is the question of money mechanisms. If we use price-money mechanisms they are not popular, but if we use price mechanisms they show the real inflation. An open inflation, because if inflation is concealed under some kind of a code or various forms of subsidies it is hidden, more difficult to detect and more difficult to combat. It is essential that certain prices be supported, but the general trend, the general orientation should be directed towards achieving balance prices, more realistic prices which conform to transaction prices, towards an alternative sales market. This is really the right direction.

The problem of coal shortages has been raised here. Professor Ney is certainly the most distinguished specialist in this field and he spoke about these matters with great concern. At the same time, he said, we are a very low, small consumer of energy. Yet we know that we are an enormous producer of coal and energy products. What are the countries in Europe, most of whom do not produce one-third of these energy stocks, supposed to say about this? Changes in structure, therefore, must be made. There is no other way except through drastic structural changes. We must depart from certain customs and traditional directions of development. Here the problem of export comes in.

We are behind in export, many comrades said and I would not want to repeat it—anyway, I already said that at certain preliminary meetings which we were able to hold. However, I would like to call attention to the fact that a change in the structure of export itself is also required. Generally speaking, this is supposed to be industrial export. In this industrial export technologically intensive products should dominate, products which have been highly processed. Yes, that is the real truth and that is the goal. But it is not always true that highly processed goods are more efficient. After all, very often we sell machines and equipment at scrap prices. And we must realize that we must improve efficiency, because this kind of export of processed goods which we sell at scrap prices is not efficient and it also impoverishes our society. Therefore, this is a very important element.

In connection with this I would like to go on to the problems of economic reform. A great deal has been said on this subject. I would like to call attention to the fact that there is great anxiety in the economic circles as to whether this reform is being or will be implemented. After all, there were declarations, congress resolutions, declarations by the first secretary, the premier, the chairman of the Planning Commission, and the deputy premiers. Government and party members are frequently speaking out, and yet there are these constant fears, some of which may be partly the result of pressure, diversionary activity, and propaganda activity. But probably there is still something more, probably it is connected, despite everything, with the slowness with which these reform measures are being implemented. It seems to me that there is still the matter, that there is a certain way of implementing the right guidelines of the assumptions. No one criticizes the assumptions, but there is later a certain definite way in which these concepts are being put into effect. This often begins at the commission level, i.e., on the level of premier and members of government. It often goes from the level of the minister to the deputy minister level, the director and then the main specialists. When the main specialists in many of the ministries begin to argue about details, the interests of the ministries decide the issue. This is really that part of the bureaucratized administrative apparatus at the middle levels about which you comrades spoke here and which was also discussed in deputy premier Szalajda's paper.

It seems to me that not only these middle levels, but also the next-to-the-top levels, also have different approaches to reform. It may be said that some of our leadership cadre which grew up in the command-directive system, which received promotions under this system and was connected with it, are attached to direct-management methods. It is often difficult for them to give up these methods. Furthermore, some of them probably know that a few such reforms failed in the past. This may be responsible for some of the attitudes, at least in some of the cadres, of restraint and lack of commitment. Some of them are not too sure, or were not sure in the past, whether our economic reform is not some kind of revisionist innovation. And so I believe that in the present circumstances, when this matter has been given so much emphasis by the congress, the party leadership, the present plenum, and when our neighbors are also making some important changes in this area, the ideas, climate and atmosphere should change for the better. But it is important, it seems to me, to call attention to this method of putting into effect, developing, certain concepts. They should be developed by groups of experts who are more

independent. If two, or even three, alternatives could be worked out, the leadership could choose one of the solutions, a solution which would be consistent and logical. Very often these compromise solutions are not consistent and are not logically connected. It is really these practical solutions which are often changed and retracted. And it is these practical actions which later cause ears in society and economic circles. Attention is not called to them. You talk about big things, everybody declares big things, and here are the practical actions. And they deserve to be and should be mentioned.

In connection with this I would like to say something briefly about "origins." My comrades frequently mentioned here that there was a crisis, a crisis in fluidity of "origins." Well, it can be said that this crisis in the fluidity of "origins" was basically caused by persistent efforts at the administrative level. Actually, from the very beginning of the concept itself, our institute was the one which cooperated in developing reform in foreign trade. We were the ones who fought for the concept of "origins" of assets. We fought to have allowances calculated on the basis of actual incomes. That these be funds which were earned by the enterprise itself and that the enterprise have available to it the funds that it earned, but that these funds come from the real, actual revenues of foreign exchange. However, a records-account system was instituted which was supposed to ensure discipline, but which essentially gave rights without discipline. If we extend this to accounts-clearing, to barter transactions, then we were paying twice or three times for the same things. Therefore, this crisis in fluidity of origins had to occur. In 1984 we tried to show that no revisions of rates should be made because it turned out that enterprises managed these funds--these "origin" funds--very cautiously and economically. On the other hand, when even very slight revisions were made in the rates, there was a loss of confidence. And this loss of confidence meant that everyone immediately tried to enter into a transaction whenever "origins" appeared in the accounts.

Therefore, it is important to know what our comrades from many plants underscored, that there must be consistency, and that the measures taken for the long term must be in effect for the long term. Then the enterprise knows what the rules will be for the long term and can adapt to these rules.

I would like to say that the set of proposals which the government presented is headed in the right direction. These are finally the assets "origins." There is also the possibility that these funds will be mutually relinquished. I would like to say that this is the first step in the direction of convertibility, and that is how it should be regarded. It is a set of proposals which pertains to transaction price rates, the establishment of an Export Development Bank--it is many solutions. We must be consistent and see to it that all of this is implemented.

On the other hand, I have one comment. It seems to me that at the last moment we weakened unnecessarily and wanted to save this one-fifth on these "origins." Because this, too, was a violation of a certain rule which was applied, the 20 percent. After all, if this is to be consistently computed on income, the actual free foreign-exchange income, then when the range of self-financing is being extended, never would I recommend to you that the present

range of state control be narrowed and maintained. On the contrary, I would recommend that these "origins" remain at 20 percent and that the range of self-financing be extended. Also, the granting of credits requiring that enterprises pledge their own foreign-exchange funds as collateral. We can design much more ingenious formulas and methods and actual sources of absorption of these funds, which will not have an inhibiting effect.

Something else is important, except that the future must be defined. If we say that this is a step towards convertibility then I would suggest that we be able to say that at the end of this 5-year period we will try to reach 25 percent, and perhaps at the end of the next 5 years, 40 percent of convertibility. We will gradually achieve partial convertibility, which will increase economic discipline. This will force us to think rationally and act rationally, which is most important.

I would like to conclude my speech with this detailed proposal, calling attention the fact that we are all really expecting that at this very moment reform is being implemented much more consistently. And I would like to say that it appears that experience shows that neither our declarations nor our actions may be too rapid, but they should be consistent. Thank you very much.

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CSO: 2600/276

SZALAJDA CHAIRS ECONOMIC REVIEW BODY

LD220036 Warsaw PAP in English 2042 GMT 21 Jan 87

[Text] Warsaw, 21 Jan--A group for organizational structures in economy, operating within the party and government commission for review and modernization of economic and state structures, examined here today the variants of its standpoint on the directions of shaping those structures. The meeting was chaired by Vice-Premier Zbigniew Szalajda.

The meeting said that changes in the functioning of the economy were not accompanied by the reform of organizational system, and named the liquidation of the industrial amalgamations as the only important move.

All in all, organizational structures of the Polish economy continue to be based on traditional forms known from the introductory stage of this country's industrialization.

The meeting stressed the need to make use of world experiences in this field. As regards dimensions, the present structure is characterized by domination of medium-size establishments which are too small to gain any importance in international markets and too big to have any possibilities for improving their effectiveness.

The meeting noted the absence of integration of structures with various forms of property, and capital property in particular. The meeting also said it was expedient to have big, conglomerated enterprises on condition that their management is profoundly decentralized. They stressed that management of a state monopoly should not be linked with government function.

The debaters also discussed problems of creating factors to induce changes of structures and ways to achieve them. The meeting spoke in favor of such methods as would strengthen the reform, or enterprises and their independence.

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CSO: 2600/55

LOT PLANS CHINA, CYPRUS FLIGHTS

Warsaw TRYBUNA LUDU in Polish 1 Jan 87 p 2

[Article by A.K.: "An Increasing Number of Passengers -- Spring Flights To Beijing and Maybe to Cyprus -- Wide-Body Airliners Within the Next 10 Years -- LOT Extends Its Flights"]

[Text] The Tuesday meeting of journalists with the directors of LOT Polish Airlines was dedicated to the new year for the firm.

In 1987, LOT intends to carry more passengers than in 1986 and therefore more than 1.8 million people. It is certain that in the spring, a new Beijing flight will be added. In the beginning, this route will be served only by Polish airliners but it is expected that the CAAC (Civil Aviation Administration of China) will at some later time also begin to carry passengers over this route.

If LOT's proposal is accepted by its founding organ, the Ministry of Transportation, it is also possible that a seasonal flight to Cyprus will also be added. This flight would chiefly carry tourists from Poland and Eastern Europe.

LOT is also studying the market for flights to the Far East and South America. In order to broaden business and cultural contacts, LOT is interested in running flights to Japan. Australia is also being considered because of its large Polish population.

For the South American flights, Mexico or Argentina are being considered and LOT has just opened an office in Buenos Aires, the capital of Argentina. LOT charter flights already carry the crews of fishing trawlers to Argentina. In spite of all the efforts that have been made, there is no chance for the time being for any flights to Rio de Janeiro which is a great air travel hub for the South American continent and only a short distance from Curitiba, capital of the state of Parana which is inhabited by a large Brazilian-Polish colony. However, these plans have been put off for some time after 1987.

LOT has decided not to purchase wide-body medium-range IL-86 airbuses because they are not well suited to our network of flights. However, interest has been shown in the newer the long-distance wide-body IL-96 which can carry 235 passengers in its three-class model or 300 passengers in the one-class model.

Meanwhile, LOT's worthy AN-24's are still in good technical condition but they will be modernized with the help of the Antonov Aircraft Design Bureau of the USSR.

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2600/275

INSTITUTE DIRECTOR WARNS OF ENERGY SUPPLY PROBLEMS

Warsaw ZYCIE WARSZAWY in Polish 30 Dec 86 p 3

[Report presented at the Third PZPR CC Plenum by Roman Ney, director of the Energy Resources Institute, Staszic Academy of Mining and Metallurgy in Krakow]

[Text] In any discussion of the state and future of our economy, there are two fundamental problems that cannot afford to be overlooked -- our food economy and energy. Any mistakes or faults in our policy in these two areas are immediately felt throughout the entire economy.

Energy problems are discussed rather much in Poland. Generally, two completely opposite positions are taken on these problems. One such opinion sees our energy problems and especially those of the next three years as a catastrophe that we are helpless to deal with. The other attitude is that "we will get by somehow". Unfortunately, the latter attitude is somewhat reflected in the NPSG [national social and economic plan] for 1986-1990.

At times, one also hears the fuel and energy industry blamed for the country's economic crisis but in my opinion, such an accusation comes from a poor understanding of the problem and is based on a lack of real knowledge.

It must be said that energy in our country is not only an economic but also a political issue because an energy shortage would hinder Poland's economic and social growth. Energy should therefore be at the focus of the party's attention because the party has assumed responsibility for the future of the country.

In comparison to other European countries with a climate similar to Poland's, we consume little energy per capita. In 1985, we consumed 4.7 tons of reference fuel per capita while our neighbors used about 6 tons per capita. In many countries, the level of consumption was even higher. We rank last among all the other European nations in our per-capita consumption of electrical energy, natural gas and especially petroleum and this attests to the poor standard of comfort of Poles.

On the other hand, it is also true that we spend a greater percent of our national income on energy than other European nations similar to Poland and the energy costs of our products is 1.25-3 times greater.

Therefore, we have a lower supply of various forms of energy than the other European states and poorly manage what we do possess. This is a characteristic of an extensive economy and indicates decades of poor economic structure, especially in industry. We do not entirely understand this problem and simplify it at times.

The government has accepted a program for streamlining our use of energy and this should save us 22 million tons by 1990 and 70 million tons by the year 2000.

However, considering the delayed necessary investments in energy conservation, the State Energy Council told the government that by 1990, the planned energy savings would not be achieved and that only 10-14 million tons of reference fuel would be conserved. At the same time, the energy balance for the 5-year period is based on a supposed savings of 22 million tons of fuel.

Therefore, there is a real danger that the nation's energy balance might become upset.

In the projected plan for 1986-1990, the resources allotted for the fuel and energy industry are less than those called for in the March 1985 Sejm resolution on the development of the energy industry.

Of course, the investment difficulties are well known and should be understood. To put it briefly, the investment resources provide a yield of pit coal of less than 190 million tons and the increase in power produced by the energy industry will be about 2000 megawatts less than planned. Since there will be a reduction in the plan for construction of new pit coal mines that are supposed to make up for the shortfall in old mines, the situation will become critical after 1990 and this is aggravated still more by the slow pace of construction work at the Zarnowiec Nuclear Power Plant.

In order to somehow overcome this situation and provide energy until 1990 and beyond, the following actions must be taken:

First, the level of pit coal production cannot be allowed to drop below 190-192 million tons, all the more so as the calorific value of the coal is dropping. In 1978-1985, the actual amount of coal allotted for domestic needs was less than 5 million tons.

Second, we must invest in energy conservation so that after 1990, at least 22 million tons of reference fuel can be saved. This goal can be reached if we restructure industry to give a priority to energy consumption. It must be remembered that investments on energy conservation are synonymous with modernizing our economy.

Third, the government should accept a program for internal streamlining of management within the fuel and energy industry since the possibilities here

are considerable both in the search for primary fuels as well as means of their processing

Fourth, it is necessary to work out and introduce a program focusing unconventional sources of energy that can be successfully employed in certain provinces as local energy sources to alleviate our strained energy resources. The government's decision to build pilot geothermal energy plants was a positive move.

Fifth, we must regionalize the country in terms of providing a continuous supply of various fuels such as pit coal, brown coal and wood fuel and in utilizing small deposits of brown coal and natural gas. This will involve equipping energy consumers with special types of furnaces.

Sixth, in order to supply the economy with natural gas from domestic sources, we must take urgent measures to improve and modernize the equipment used by oil-prospecting enterprises since it is already nearly obsolete at this time. We must also remember that despite complaints at a shortage of natural gas, the supply from domestic sources covers more than 46 percent of our demand for this fuel.

Seventh, it is necessary to develop a cohesive economic system of energy fuel prices, economic incentives and tax deductions for firms willing to invest in local energy sources and to provide the necessary types of equipment. The different provinces cannot solve these problems on their own.

Whether or not we overcome our energy problems depends on how consistently we realize the measures described here. I am convinced that if we properly use the scientific and technical achievements of the research institutes of the Polish Academy of Sciences, ministerial institutes and higher schools as well as the initiatives of engineers in industry and if those responsible for the nation's energy supply make the right decisions, we can solve our energy problems before the lights go out in our homes.

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CSO: 2600/275

LIGNITE EXTRACTION RESULTS FORECAST

Warsaw TRYBUNA LUDU in Polish 1 Dec 86 p 9

[Article: "More Brown Coal Than Was Planned", by Czeslaw Kubasik, reporting from Wroclaw]

[Text] The "Turow", "Konin", "Adamow", "Belchatow", and "Sienawa" mines, which are part of the National Brown Coal Mining Company, whose headquarters are in Wroclaw, will celebrate "Barborka" this year with a sense of well-discharged responsibility.

This year the rise in the extraction of brown coal in tons, compared to 1979, is 80 percent. Thus coal extraction in 1986 is about 66.5 million tons, which is more than 4 million tons over the plan. These good results were achievable because of the rise in labor productivity. Compared to last year it increased by more than 10 percent. There was also a further decline in the unit extraction cost. The savings produced will amount to a billion zlotys this year.

The high level of brown coal production will make it possible to supply the power industry with 63.6 million tons, which is more than 3 million tons more than that planned. We should add that the electric power plants using lignite will produce 47 billion kilowatt-hours of electric power this year. This will represent 36 percent of all electric power produced by domestic thermal electric plants.

Deliveries of this valuable fuel for market needs will also be greatly exceeded. Private customers will receive 1.5 million tons, instead of the 800,000 tons initially planned. These results were possible because of the mobilization of sorters in all lignite extraction regions. Brown coal mining also has a lot of problems. One of them is the lack of building equipment allocations and deliveries, mainly for bulldozers, cranes, and local vehicles, which are absolutely necessary to keep the mines in motion.

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CSO: 2600/253

INCREASED COAL SUPPLY TO AID CEMENT PRODUCTION

Warsaw TRYBUNA LUDU in Polish 6-7 Dec 86 p 10

[Text] There is coal. There will be more cement, according to Zdzislaw Kuhn, undersecretary of state at the Ministry of Construction and Regional and Municipal Administration, who met Friday with reporters. Owing to regular deliveries of coal to the cement plants, the work of these plants will also become regular.

In the winter they had fuel supplies for 3 days and the coal trucks had to be directed right straight to the furnaces. During the first quarter, 3.3 million tons of cement were produced. During the second quarter the figure was already up to 4.4 million, and by the third quarter, 4.8 million. Because of this, deliveries to shop yards of factories and to the market were expanded. During the latter half of the year, the cement industry received an additional 300,000 tons of coal. Because of this, 15.9 million tons of cement are being produced this year.

Additional deliveries of coal this year have made it possible to build up a winter fuel reserve of 200,000 tons. This industry never had such reserves. This fact will permit us an optimistic view of the future, according to Lucjan Zralak, director of the "Polocement" cement center. "Because of the detailed delivery schedule for next year, we know how much coal we are going to receive each quarter. We have received a 15 percent increase in our fuel allocation. We will receive 3.9 million tons of coal and a supplement of 90,000 tons of mazout. This amount will fully satisfy the level of cement production projected in the plan at 17.4 million tons."

The schedule adopted for deliveries of fuel to the cement plants take into account the production costs and technology used there. First of all the production power of cementworks in places like Chelm, Gorazdze, Ozarow, and Nowiny, where the production costs for cement and clinker were taken care of, and these plants were also designated for exports. The rest of the available coal will be sent to the other plants. Shortages of fuel, especially mazout, will make it impossible to use of all the installed power available at the cement plants, a total of 22 million tons. It will not be possible to increase production any further until the production capacity is restored, especially in the Warta-II, Malogoszcz, and Nowiny cementworks. The total available power at the cementworks amounts to only 17.2 million tons.

There is also the possibility of stabilizing cement supply. The market will receive 4.7 million tons of cement this year and 5.8 million tons just a year from now. This means that after 3 years of production "famine," there will be as much as is needed.

The cement plants are promising this, provided that there is a sufficient number of sacks and also that loose cement in bulk is accepted. As the representatives of the cement industry stated, owing to the lack of bags it was recently necessary to curtail production by 400,000 tons. The need this year was for 164 million sacks, but the industry confirmed delivery of 143 million, and by the end of October only 105 million had been delivered (for lime, cement, and fertilizer lime). For next year a need for 171 million sacks has been established, and to this very day there is no corresponding confirmation.

Part of the difficulties could be overcome, if the individual customers were willing to receive the cement loose, in bulk. This year the market received half a million tons in this form. The GS's in Tarnow Voivodship are well prepared to handle the cement in bulk. They receive 20,000 tons per month. Despite the available silos in Bialystok Voivodship, on the other hand, these possibilities are not being utilized.

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CSO: 2600/253

MINISTER REPORTS ON MACHINE, METALLURGICAL INDUSTRIES

Warsaw RZECZPOSPOLITA in Polish 9 Dec 86 p 5

[Text] The economic results of metallurgical plants and plants of the engineering industry, figures for exports, and responses to questions asked by unionists at a recent congress were the main subject matter of the meeting with Janusz Maciejewicz, Minister of Metallurgy and Engineering Industry, at the Government Press Bureau on 8 December.

Despite the many upsets related primarily to the very uneven deliveries of raw materials and other materials bought from the countries of payments area II, the targets set for the ministry in the Annual Central Plan for 1986 were reached. This is shown by how much of the plan has already been accomplished in the first 10 months. According to initial estimates, the ministry firms' production sold will be 4-5 percent higher than last year, while the annual plan projected an increase only of from 2.8 to 3.2 percent.

These figures are also noteworthy, according to Minister Maciejewicz, because each year employment within the ministry has been declining by about 2 percent of the employees. This year, about 15,000 people left the metallurgical enterprises and plants of the engineering industry. This is about the equivalent of the workforce of five medium-sized factories in the engineering industry.

At the end of 1986 we can talk about some improvement in the structure of exports. There was an increase of more than one-third in the share of highly-processed goods exported to the countries of payments area II. This fact contributed greatly to an increase in export income compared to the previous year (12.8 percent after 10 months), although we cannot fail to notice that the decline in the prices of metallurgical products, including nonferrous metals, may keep the targets planned in the Annual Central Plan for 1986 from being met. In trade with countries of payments area I, the ministry has noted an increase of 11.9 percent in the value of exports.

Minister Maciejewicz devoted a great deal of time to answering questions from unionists during the recent congress. For example, he denied a statement suggested in one of the questions that the government was not taking action to accelerate structural changes in the economy. He said that the dynamics

written into the National Socioeconomic Plan for 1986-1990 for increased investment outlays for various branches of industry are the best answer.

For example, expenditures for the electrical machine industry will increase during that period by 27 percent, while those for the metallurgical industry will go up 7 percent. This can be seen still more clearly in a breakdown into the various branches. Outlays will increase by 34 percent for the electronics industry, by 41 percent for precision industry, by 45 percent for computer science, and 143 percent for machine tool production, which will determine the level of modernization possible for all branches of industry.

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CSO: 2600/253

BRIEFS

REFORM TALKS WITH HUNGARY—On 5 December, Manfred Gorywoda, deputy premier and chairman of the Council of Ministers Planning Council, received Janos Hoos, first deputy chairman of the National Planning Administration of the Hungarian People's Republic. There was a discussion of the directions for work to improve the solutions of economic reforms in Poland and in Hungary. Minister Hoos talked about the decisions of the most recent plenum of the NSPR Central Committee with regard to increasing the dynamics and effectiveness of the process of reforming the Hungarian economy. In this context attention was given to issues related to price and wage policy. That same day, Minister Hoos was received by Marek Holdakowski, director of the PEPR Central Committee's Economic Department. The Hungarian guest also met on Friday with the secretariat of the Economic Reform Commission and its major bodies to discuss directions and problems of reforming the Hungarian economy. [Text] [Warsaw TRYBUNA LUDU in Polish 6-7 Dec 86 p 8] 10790

SCI-TECH COOPERATION WITH PRC—Peking (PAP)—Minister Konrad Tott, director of the Scientific-Technical Advancement and Implementation Administration, headed a delegation from that body visiting China. During the group's stay in Peking, Shanghai, Canton, and the special economic zone of Shenzhen in Southern China, the delegation visited institutes dealing the scientific research problems in various areas and held talks with representatives of China's State Commission on Science and Technology. New forms and methods of economic and scientific-technical cooperation between the two countries were discussed. Minister Tott and commission chairman Song Jian signed a plan for scientific and technical cooperation for the years 1986-1990 as well as a working plan for direct scientific-technical cooperation for the years 1986-1990. [Text] [Warsaw TRYBUNA LUDU in Polish 6-7- Dec 86 p 8] 10790

FISHING BOAT FOR NIGERIA—A prototype of a fishing boat designed for a Nigerian shipowner was launched at the "Wisla" production shipyard in Gdansk on 3 December. This multipurpose ship is 25 meters long and more than 6 meters wide. In its refrigerated holds, it can transport more than 100 cubic meters of processed and unprocessed cargo. This ship will be sent to the owner this coming April, after it has been fitted out. It will have a 12-man crew. The Puck Mechanical Plants will supply the main engine. The shipyard has begun to construct the hull of the second vessel in this series. [Text] [Warsaw TRYBUNA WARSZAWY in Polish 4 Dec 86 p 1] 10790

CEGIELSKI PLANT FIRE—A sudden fire broke out Tuesday at the H. Cegielski Metallurgical Plants in Poznan. A spark from the welding equipment set fire to cables in the ventilation tunnel. The fire spread to the shop located in the building. The fire also reached the cable tunnel. Some eighteen trucks were summoned to fight the blaze. Because of the rapid action by the fire-fighting squads, the fire was contained. The plants' main production hall, covering more than 33,000 square meters, was saved among other things. Nonetheless, the losses are very high, reaching 15 million zlotys. [Text] [From our own sources] [Warsaw ZYCIE WARSZAWY in Polish 10 Dec 86 p 1] 10790

BELCHATOW POWER PLANT PROGRESS REPORT—Piotrkow Tryb.—The installed power at the "Belchatow" electric power plant is 3,240 megawatts as of yesterday, the result of completion of the ninth 360-megawatt power block. The workers of the general contractor, The Electric Power Plant Construction Complex and the several dozen cooperating firms accelerated the project by nearly 2 weeks. The more than 4,000 workers at the "Belchatow" electric power plant had completed this year's production goals back on 24 November. [Excerpt] [Warsaw TRYBUNA LUDU in Polish 20-21 Dec 86 p 10] 10790

USSR LIGHTING CONTRACT—Trade people at "Elektrim" signed a contract with the "Raznoeksport" Soviet central agency for delivery to the USSR of street, industrial, and interior light fixtures and fluorescent lamps valued at 90 million rubles. "Elektrim" and "Raznoeksport" anticipate signing future contracts for these products. This year's deliveries of Polish fixtures to the USSR approximated 102 million rubles. [Text] [Warsaw RZECZPOSPOLITA in Polish 20-21 Dec 86 p 1] 10790

WORKERS POLLED ON REFORM—Lublin (PAP)—The reform has not yet made direct contact with work stations. Many members of the workforce do not feel any effects of the new mechanisms in practice, but at the same time, the new solutions are gaining public support and interest. For example, a decided majority of the members of the working forces came out in favor of better pay for those who work better. There are few opinions calling for pay to be "the same for all, because we all have the same stomachs." There is a strong sense of social justice along with criticism that certain people are getting too rich, but most people accept even a large difference in earnings, if it is justified by hard, effective work that produces social benefits. These are the conclusions that emerged from the scientific research conducted among plant workers. These results were presented on 19 December in Lublin at a meeting of scientists, party activists, and representatives of Lublin Voivodship enterprises. The meeting, which was devoted to selected problems of the society's economic education, was sponsored by the PZPR Voivodship Committee, the Society for the Popularization of Knowledge, and the Scientific Society for Organization and Administration. [Text] [Warsaw TRYBUNA LUDU in Polish 20-21 Dec 86 p 3] 10790

ECONOMIST DEATH NOTED--On 26 December, the meritorious state and social activist Professor Janusz Gorski died in Warsaw at the age of 57. He was the vice-director of the Institute of Economic Sciences of the Polish Academy of Sciences, chairman of the Universal Knowledge Society and a member of the Sejm Social and Economic Council, National PRON Council and the National Cultural Council. Professor Gorski was the rector of Lodz University at the start of the 1970's and vice-minister of Science, Higher Education and Technology from 1975-1981. He was a recipient of the First Class Labor Standard award and many other state decorations and medals such as the Medal of the National Education Commission. [Text] [Warsaw TRYBUNA LUDU in Polish 29 Dec 86 p 2] 12261

BRITISH ECONOMIC COOPERATION--Warsaw, 10 Feb--Acting Minister of Foreign Trade Janusz Kaczurba received here today members of the management of British concern Dary McKee. The sides discussed current problems of cooperation of Polish enterprises with Dary McKee and reviewed new forms and prospects of further development of cooperation in Poland and in other markets. The meeting was attended by Ambassador of Great Britain to Poland Brian Leon Barber. [Text] [Warsaw PAP in English 2242 GMT 10 Feb 87 LD] /9738

GWIAZDA VISIT TO IRAQ--Baghdad, 26 Jan--Polish Deputy Prime Minister Wladyslaw Gwiazda led an official visit to Iraq between January 24 and 26. He was received by Vice-President of Iraq Taha Muhyi al-Din Ma'ruf and met with First Deputy Prime Minister Taha Yasin Ramadan. Gwiazda also had talks with member of the Revolutionary Command Council, Minister Hasan 'ali al-'amiri and minister of industry and minerals, Deputy Chairman of Mixed Commission Subhi Yasin Khudayr al-Samarra'i. The sides discussed principles of economic cooperation in the years 1987-88 and the assumptions for a five-year agreement on economic, scientific and technological cooperation. Members of the Polish delegation held talks with their opposite numbers to exchange views on the current political situation in that region and reviewed cooperation among central planning bodies, trade and payments. The talks passed in a constructive atmosphere. [Text] [Warsaw PAP in English 1553 GMT 26 Jan 87 LD] /9738

NEW GASOLINE PRODUCED--The Plock Mazovian Refineries and Petrochemical Works have finished preparation for the start of production of a new type of gasoline, ethylene 86. This is a fuel for spark-plug ignition motors with an octane number between the presently-used ethylene 94 (so-called yellow gasoline) and ethylene 78 (blue gasoline). The first deliveries of this new fuel should reach service stations by the beginning of January. Work done by the Plock Works and the Krakow Institute of Petroleum Technology has made it possible to produce the new grade of gasoline without the installation of any additional technical equipment. The increased assortment of liquid fuels makes it possible to better and more economically operate various types of engines. Many automobiles cannot be operated on "blue" gasoline and the use of "yellow" gasoline has significantly increased driving costs. [Text] [Warsaw ZYCIE WARSZAWY in Polish 30 Dec 86 p 3] 12261

CSO: 2600/275

SUCCESSFUL USE OF INDUSTRIAL ROBOTS IN ENTERPRISES DESCRIBED

Bucharest REVISTA ECONOMICA in Romanian No 49, 5 Dec 86 pp 1-2

[Article by Vasile Tanvuia: "Mobilizing All Resources for the Purpose of Fulfilling and Overfulfilling the Plan Under Conditions of Using Production Factors With Maximum Efficiency"]

[Text] Robotization of Production-- A Basic Factor for Increasing Productivity and Quality

The appropriate fulfillment of plan tasks and assurance of a superior level of labor productivity and an improved technical and quality level for products that are made represent basic objectives in the activities of any economic unit whose achievement requires the adoption of a group of measures designed to ensure the full use of available domestic reserves and to permit the promotion in production of the latest advances of science and technology. In this context, there is great efficiency in those actions directed towards the introduction into technological processes of industrial manipulators and robots, whose use generates positive effects in the plan, increases labor productivity and quality and ensures an increased flexibility. Furthermore, as comrade Nicolae Ceausescu also stressed in his speech at the Third Workers Congress, "in this five year plan it is necessary for us to give special attention to the powerful growth of labor productivity on the basis of scientific organization, the improvement of technologies, and automation and robotization, in accordance with the requirements of each sector of activity."

The "Electromotor" Enterprise in Timisoara currently provides over 50 percent of the production of the Electrotechnical Industrial Central and nearly 50 percent of the total export of the country's electrical motors, with the value of direct and indirect exports representing more than 75 percent of the total production. The enterprise's list of products contains a wide range of products, including triphase electric motors for general use, electric motors for mining, petroleum and nuclear equipment, various lift installations, electric motors for the textile industry, electromagnetic brakes with turbo-currents, SMU-C direct current servomotors, and so forth.

The establishment of the conditions necessary for the appropriate achievement of the objectives laid down in this year's plan has required the carrying out of certain diverse technical, technological and organizational actions directed towards

first of all the use of the workforce and production facilities with a maximum of efficiency, correlated through a superior organization of activities. The efforts permanently made for the full use of available domestic reserves, for the mobilization of all production factors and for the regular flow of technological processes have permitted us to obtain superior results in the first 10 months of this year. Thus, goods production was achieved at the rate of 103.1 percent, physical production at 102.9 percent and labor productivity at 101 percent.

Through its specific technology, the production of electric motors has required, for the purpose of ensuring the growth of product quality and labor productivity, the design and production of certain products having a higher degree of complexity, such as electronic balancing machines and industrial robots. Initially produced for their own requirements, they are currently part of the enterprise's product list and are used in many other units in the country, with "Electromotor" being designated as the main producer of electronic balancing machines within the framework of CEMA. Furthermore, the continuing growth in the percentage of production involving medium- and small-scale series production runs and the scope of the process of assimilating new products having improved technical and economic parameters have required the use of industrial robots and manipulators in the production processes in the enterprises in order to achieve a structure having flexible automation that is capable of permitting us to record certain increased levels of productivity and of ensuring a higher degree of adaptability to the repeated movement of production from one product to another.

Beginning with the experience gained from producing and using in a flexible production cell the REMT-1 industrial robot-- the result of a close cooperation between the enterprise and the specialists at the "Traian Vuia" Polytechnical Institute in Timisoara--, we have moved to an expansion through the achievement of a robotized flexible line. On this flexible robotized line for processing 160-200 gauge electric motor rotors, complex technological operations are carried out, beginning with the semiproduction phase up to the finished sub-assembly. The line is organized into three flexible cells that are linked by automated transporters which move the pieces or subassemblies between the cells within the flow of the technological process from the start of the line to its end.

The flexible cell, as a basic unit of a robotized line, has in its structure diverse machine-tools equipped with tools, devices and elements for the automated control of operations to be carried out, as well as the REMT-type industrial

robot equipped with an ECAROM process computer. Through intermediate sensors which continually transmit data concerning the parameters of the status of the flexible cells, we achieve an interface of the industrial robots with the technological process. The process computer receives various signals, processes them in its memory and makes decisions, which it transmits to the operational elements in the cell. Thus, there is a permanent dialogue between the technological equipment of the flexible robotized cell. The line has a unified sense achieved at the level of the dialogue between the process computers in the three cells. The automated transporters between the cells have the job of supplying cell Ci with unprocessed parts and, at the same time, of transferring processed parts from cell Ci+1, being controlled both by the computer in cell Ci as well as the one in cell Ci+1. The exception is the supplier at the start of the line and the remover at the end, which are subordinate only to the process computers of the respective cells. The machine-tools and the other technological equipment in the structure of the flexible robotized line have their own automated cycle so that each one represents its own automated subsystem.

The approach to the flexible automation of the rotor line was achieved through studies and research which pursued, among other things, the optimum placement in space of technological equipment and the adoption of certain operational cycles within which to reduce auxiliary time to a minimum. The paths for the manipulation of the parts were determined through algorithms using the critical path method and pursuing the avoidance of collisions in minimum space. In achieving a flexible line, we took into account the fact that the reliability of the system is a product of the reliability of component elements and that it is sufficient for one of the factors of the product to be zero, as well as the reliability of the system to be zero. In cases where one of the cells is shut down for certain reasons, the line can operate a sufficient amount of time to eliminate defects since the automated transporters between the cells also can accumulate parts.

The use of the flexible robotized line for processing rotors ensures a 300 percent increase in labor productivity, achieving order in production and a high quality in parts, subassemblies and, implicitly, the overall product. Similarly, there is the elimination of physical effort, concomitantly with an increase in the level of training of the personnel who program and supervise the proper operation of the line.

The concerns of the enterprise regarding increasing labor productivity and the quality of all production have pursued and continue to pursue both the achievement of certain complex automation lines using industrial robots and a series of simpler solutions, but ones which give comparable efficiency. Thus, they have designed and built the MEMT-1 manipulator, having two fields of movement, slated for use in automating operations to stamp out shafts for small-gauge motors. This is currently in the process of being implemented and its use will provide for a more than 250 percent increase in labor productivity for these operations. Likewise, there are plans for expanding the rotor line with an additional robotized cell where final operations will be carried out to rectify and balance the rotors. On a parallel line next to the existing flexible line,

they will build a flexible robotized cell for processing shafts using a REMT-3 industrial robot having superior performance characteristics. This will provide an increase in production capacity and growth in the quality of products and labor productivity. The cooperation with the faculty and specialists at the Timisoara Polytechnical Institute also involves the automation of the pressurized casting of the rotor packets, a process involving difficult work because of the great physical effort and the noxious gases that are inherently involved during casting.

Through the flexibility offered by their structure, industrial robots have broad uses, being capable of being used for a wide range of technological operations in enterprises of different types. It appears, however, to be uneconomical to have a dispersal of their design and production, with these activities requiring a centralized coordination. This coordination can be achieved, in our opinion, at the level of the Ministry of the Electrotechnical Industry through the establishment of a specially organized group that will work in the direction of ensuring a unification of the design and production work on industrial robots, of presenting all economic units with the technical-scientific efforts in the field specific to the robotization of Romanian industry, and of expanding the production of industrial robots and flexible robotized cells.

The production of robots and their use with maximum efficiency in the national industry require, at the same time, the achievement of certain studies concerning the necessary amount of robotic applications and the range of industrial robots necessary in the diverse periods of time, concomitantly with the provision of investment funds for the user enterprises. In this process, the specialized group that I mentioned can play a determining role, with it pursuing - on the basis of the necessary amount of robotics applications established in studies that will be carried out and which will take into consideration both technical and economic aspects - the designation of the main producers based on the experience and achievements of the different units in this field.

At the same time, it should not be forgotten that a flexible robotized technology most of the time involves modifications to the existing technological process (sometimes changes to the construction of the parts or items), regular production rates, pneumatic, hydraulic and electronic components of high reliability, and cutting tools of consistently high reliability. Similarly, we must keep in mind that the shortage of certain parts and subassemblies specific to industrial robots - specialized harmonic reducers, large-head screws, reduced-gauge pneumatic and hydraulic elements, various electronic components and subassemblies, certain light materials having high mechanical characteristics, and so forth - leads to the failure to produce certain industrial robots having superior characteristics and to the maintenance of certain high costs.

[Boxed Item p 1]

The REMT-type industrial robots are transfer robots arrayed in cylindrical coordinates with four to five fields of movement. They are operated electrically while their grippers are actuated pneumatically. Control of these robots-- with a positional accuracy of plus or minus .5 mm --is carried out using the ECAROM process computer. The initial study of the operation of flexible cells within the flexible robotized line for electric motor rotors has shown that the linear speed of the robots' movements are .2 meters/second and that the rotation is 30°/second, attaining final figures of .4 meters/second in linear speed and 60°/second in rotation.

[Boxed Item p 2]

The REMT-type industrial robots, initially used in the flexible automation of mechanical processes within the "Electromotor" Enterprise in Timisoara, are currently part of the list of products at this unit. Produced and delivered to certain diverse enterprises, they make their important contribution to obtaining increased productivity and high quality in carrying out certain technological operations. Thus, these robots are used in thermal treatment operations at the Risnov Tool Enterprise, recording very good results along the lines of increasing labor productivity and eliminating physical work, as well as improving product quality. Actually, this enterprise has in operation two thermal treatment cells, using the REMT-type industrial robots, and a third is being installed.

Another application, this time in the field of welding, is in operation at the Drobeta-Turnu Severin Railcar Enterprise as a result of the cooperation between "Electromotor" and the "Traian Vuia" Polytechnical Institute in Timisoara, ensuring significant increases in productivity and high quality in carrying out these operations.

Currently being installed is the flexible robotized cell at the Brasov Truck Enterprise, slated for mechanical processing, with the new focus in this case being the use of the REMT 3-04 industrial robot having superior characteristics. The operational program of this cell does not work according to a fixed cycle, but is based on the principle of starting operations as processing stages end.

Within the "Electromotor" enterprise, they have achieved - under conditions closely simulating real cases - processing on a continually moving conveyer television tubes and transferring them to another conveyer moving in the opposite direction, an experience that was also repeated at the Bucharest Television Enterprise with very good results. In this experience, the first in Europe, the movement of parts was done with the help of a vacuum-actuated cup through an intermediate control and operation system of the REMT robot.

The "Electromotor" Enterprise in Timisoara is currently capable - through its design and production workshops for the REMT industrial robots - of providing for the automation of production processes in the most diverse fields of industry. This has been done, however, only in close cooperation with the user enterprises, beginning with the design phase right up to the use of the flexible robotized cell or line with a maximum of efficiency.

NEED TO JUSTIFY ENERGY, RESOURCES CONSUMPTION

Bucharest REVISTA ECONOMICA in Romanian No 49.5 Dec 86, pp 7-9

[Article by Dr Mircea Romanita of the Ministry of Technical-Material Supply and the Review of the Management of Fixed Assets: "The Rigorous Substantiation of Material and Energy Consumption"]

[Text] Along the lines of the complex actions of great significance which the top party and state leadership initiated for the purpose of the firm fulfillment of the objectives outlined in the Program for creating a multilaterally developed socialist society and advancing Romania towards communism and the decisions of the 13th RCP Congress, there also are the special programs concerning raising the technical and quality levels of products, having the ever more accentuated reduction of specific consumption and better using all material and energy resources. In connection with this at the Third Workers Congress, comrade Nicolae Ceausescu pointed out that it is necessary in all fields and sectors of activity to work with complete firmness so that each and each product will stay within the listed consumption rates in order to have a continued decrease in these rates, even below planned levels and to eliminate any form of waste and recover and reuse reusable resources to a greater degree.

The Design of Products on the Basis of Economic Criteria, Criteria of Efficiency

It is a known fact that in the structure of the production costs of a product the value of raw materials, materials, energy and fuels represents in many fields over 50 percent of total costs. In this context, the attention is justified which is given and which must be given to diminishing material and energy consumption, a path of maximum importance for the growth of the economic efficiency of each enterprise. The better and maximally efficient use of raw materials and materials is a problem directly linked to the organization of the entire production process, to the construction principles that are used and to the technological methods and procedures that are applied. To this end, it is necessary to work for the redesign of products which currently are produced with large material and energy consumptions, for the introduction and extension of processing procedures having reduced additives or no additives, and for the use of reusable materials at a much increased level.

In the current stage of development of technical progress where mankind is facing the complex problem of the drawing down of material resources, the analysis of the

efficiency with which these resources are used--carried out in the context of the relationship between the economic effect that is obtained and the percentage of material expenditures that are involved in the production processes--must become a professional obligation of all the factors which are directly or indirectly involved in the creation of a product. The examination of the efficiency of using material and energy resources in the production and consumption processes requires keeping in mind the economic effects both at the producer's end and at the end where the product is used. Thus, for example, by adopting certain new construction solutions, in addition to decreasing consumption rates and material costs recorded by the producing enterprises, reductions were obtained of over 10 percent in the consumption of fuels while operating ship motors, just as improvements made to some energy equipment (boilers, turbo-power-equipment, hydro-power-equipment) led to savings of thousands of tons of fuel and several million kilowatt-hours each year.

The above demonstrates that design activities play a major role with regards to the volume and value of raw materials contained in a product and that this apparently purely engineering activity must be completed with a profound and rigorous economic analysis. Today it is no longer sufficient to "create" a product which will operate well, regardless of the manner in which it is produced, but rather that product must be made under conditions of maximum economic efficiency, with a minimum consumption of raw materials and materials and, implicitly, with the lowest possible costs.

Certainly, this consideration of the stage of development through which we are passing requires a qualitative change in the training of designers, who have the duty of mastering their new knowledge, thus having to be permanently up-to-date with the evolution and development of modern science and technology, but at the same time also acquiring a good economic training so as to be able to adopt the most efficient construction solutions. One recent analysis, carried out together with the designers, concerning the construction solutions adopted for one of the types of excavators slated for use in the mining industry led to a 50 percent reduction in the consumption of bronze, with significant effects upon material costs keeping in mind the uniformly high price of this material.

In the design of a new product or the redesign of an existing one, we must keep in mind both the new methods and technological procedures which are used in modern technology and the new materials which are becoming ever more widely used in the world economy. Thus, right from the design stage we must find and adopt adequate construction means for parts that are made from bimetal or plated metals and for items that are to be made from basalt, ceramic materials or composites, taking into account the physical, mechanical and chemical properties of these new materials as well as the manner in which they are processed. These qualitative changes with regards to the manner of drawing up the groundworks for designs which will ensure right from design phase-- through the order form -- the use of the material base with a maximum of efficiency, will have to lead to a qualitative jump in the structure of production through the assimilation of certain new products having improved parameters under conditions of high economic efficiency.

Naturally, this does not mean that we will no longer continue to make products which by nature of their utility and destination have low indices for the use of materials, such as metallic products, wires, shelters and others. Even for these products, however, the designers must find construction and technological solutions that will ensure the highest possible use of materials and the decrease in specific consumption rates, as well as the greatest possible use of reuseable materials. However, all the attention of the researchers and designers must be directed towards providing the highest possible level of use of raw materials and materials so as to produce products having the highest possible economic value and that will primarily incorporate modern construction designs and highly qualified manpower. This will bring about an increase in the use indices for material and energy resources for the entire economy.

Processing Procedures With the Lowest Levels of Technological Losses

A decisive role in the reduction of material consumption is played by the technological departments which have the duty to ensure the best possible use of raw materials and materials or, in other words, to select those processing procedures and methods which will lead to the lowest possible technological losses. The priority task of technologies is in establishing and adopting certain technologies having low levels of additives during processing or no processing additives. In this context, it is necessary to revise the current technological concept where there is stress on metal-removal processing, with it being necessary for the percentage of this to fall as much as possible and, through this, to decrease the "production" of metal chips. It is a known fact that, for example, the use of the extrusion process instead of processing fully rolled steel leads to an increase in the use coefficient from .40 to .50 up to .92 to .94.

Significant results in the direction of reducing material and energy consumption and the level of costs can be obtained by applying as widely as possible nonconventional technologies such as: processing using sparks and electrocorrosion, structural deformation in a magnetic field, thermal and thermochemical treatments using electron plasma and beams, and others. The production of certain items from powders permits, for example, the saving of certain significant quantities of ferrous and non-ferrous materials, with the specific consumption rates attained through this procedure being several times lower than that involved in cutting operations.

The selection of certain appropriate technological procedures that will lead to lower consumption and costs must constitute a major goal which cannot be neglected for a moment. It is strictly necessary to have a detailed analysis of processing additives, especially for semi-finished products made in the hot-operations sectors (casting, forging) whose value in many cases is unjustifiably high, even for items having simple configurations, amounting to use coefficients smaller than .50. At the same time, having in each economic unit certain lowest possible consumption rates for each product and using the raw material base to a greater degree require taking certain technical-organizational measures

which will permit the strengthening of order and discipline in rigorously adhering to the provisions in technical and technological documentation.

The organization of all economic activities at a higher qualitative level from the research phase to the final production stage for the products currently constitutes an obligatory premise for achieving profitable production with reduced levels of material consumption and costs in order to increase the economic efficiency of each enterprise.

8724

CSO: 2700/145

NEED TO ENSURE EFFICIENT STRUCTURE OF FOREIGN TRADE

Bucharest REVISTA ECONOMICA in Romanian No 2, 10 Jan 87 pp 13, 14, 19

[Article by Ioan Georgescu: "Current Requirements in Efficient Structuring of Exports"]

[Excerpts] The analysis of the structure of foreign trade activity by countries shows the priority orientation of our country's trade towards European countries, including the USSR (about 60 percent of the volume of trade), justified by the geographic position of our country and by the important long-term trade agreements signed with the European socialist countries. Such an orientation reflects at the same time the competitiveness of our country's export products, the European countries being characterized by high market demands. As for the rank of Romanian trade partners, in 1985 the USSR was in first place with more than 20 percent of the volume of trade, Egypt in second place, the Federal Republic of Germany in third place, Italy in fourth place, the German Democratic Republic in fifth place and the USA in sixth place.

As regards the structure of Romanian exports by geographic zone one can also find a more marked orientation towards European countries (about 65 percent of exports were directed in 1985 toward European countries, including the USSR). The structure of exports by countries was the following: the USSR in first place, with the same percentage as in the total foreign trade, Federal Republic of Germany and Italy, second place with close percentages, the USA, third place and the German Democratic Republic, fourth place.

In general, no major modifications can be noted in the orientation of trade by zones from one period to another, a fact which might be an indication of stability. The fact that extensive modifications will take place in the export list during the present five-year plan, in accordance with the present-day technical-scientific revolution, means for all practical purposes, that we will be selling something other than what we are selling today, that some products will be for other destinations and for other customers.

/9716

CSO: 2700/149

PARTICIPATION AT INTERNATIONAL FAIRS TO PROMOTE EXPORTS

Bucharest REVISTA ECONOMICA in Romanian 10 Oct 86 pp 8-9

[Article by Dr. Octavian Moarcas: "Promotional Activities Designed to Intensify Romania's International Economic Relations"]

[Text] As is known, at the current stage, in order to enhance the contribution of foreign trade as a factor of growth of the national economy, we must increase its efficiency and profitability since, as a rule, foreign trade can help achieve considerable savings of social labor by capitalizing on the advantages offered by the international division of labor. Essentially, foreign trade activities must now move on from overall quantitative considerations to a qualitative examination of the efficiency of trade operations, determining the optimal structure of offers, their real cost, and the advantages derived by the national economy from imports and exports. The main objective of the economic policy of our party and state is to achieve extensive and diversified commercial exchanges by judiciously establishing the volume of exports and attaining a positive commercial balance, thus securing the funds for raw material imports and for repaying the foreign debt.

Within the context of these major concerns an important role is played by promotional activities, the main purpose of which is to bring changes to the attention of the foreign markets and to apprise them of the latest results in science, technology, economy, foreign trade, and particularly, new export offers.

Foreign economic propaganda—whose main purpose is to popularize Romania's economic and export potential abroad—is conducted by the Chamber of Commerce and Industry primarily through periodical and non-periodical economic publications. Periodical economic publications such as ROMANIAN FOREIGN TRADE, ROMANIAN MACHINES AND EQUIPMENT, ROMANIA'S CHEMICAL INDUSTRY, and FORESTA present to foreign customers the achievements attained in developing our national economy and export capabilities in the areas of machine building, electrical engineering and electronics, construction materials, and timber processing. These publications appear as a rule in three or four international languages, in 1,000-2,000 copies, and are circulated among international economic bodies, firms, banks, and chambers of commerce in over 60 countries.

Non-periodical publications such as: ECONOMIC GUIDE, ROMANIA IN OUTLINE, YOUR BUSINESS PARTNERS IN ROMANIA, and others are brought out in international languages and circulated among firms interested in engaging in economic relations with Romania. These publications provide interested partners with a minimum of useful information concerning the organization of the foreign trade system in our country, elements of foreign trade law, usages, and ways of establishing contacts with Romanian foreign trade firms.

Although there have been and there continue to be special concerns to ensure a large volume of succinctly presented information, I believe that this type of publications must be diversified so as to cover the achievements of the entire national economy and make them known in foreign markets. Thus, for example, there are no periodicals presenting the development of the light industry, the small-scale industry, the food industry, and others. Similarly, non-periodical economic publications must provide foreign partners with detailed information concerning specific possibilities of doing business with Romania and areas of interest for new cooperation ventures, in which Romanian industrial enterprises are interested.

Although the periodical and non-periodical publications are circulated on the basis of the major Romanian export interests, we must continuously update the list of potential customers with a view to carefully selecting the market segment targeted. Consequently, all the competent authorities and all the members of the Chamber of Commerce and Industry must permanently concern themselves with diversifying the general economic propaganda concerning our country's economic and export potential.

Another major promotional area is participation in international fairs and exhibits. For example, in the first 8 months of this year our country participated in 16 international fairs and exhibits in Europe, Asia, Africa, the Middle East, and North and South America, exhibiting on a total area of 9,184 square meters indoors and 5,902 square meters outdoors. Of those 16 events, eight were exhibitions, i.e., national pavilions, and eight consisted of commercial agencies and sample stands. The calendar of events was the following:

March: A general commodities exhibit at the Tripoli international fair, consisting mostly of products of the machine-building and chemical industries. The Romanian pavilion was awarded a diploma by the organizers for participation in this year's fair. In the same month Romanian foreign trade firms attended the international fair of Cairo, where Romania has become a traditional participant. This year, the Romanian general exhibit enjoyed a real success, particularly the ARO 10 utility cars, tractors, machine-tools, electrical engines, and the consumer goods exhibited by Confex and Romsit. Also on exhibit was a mock-up of the Assut II cement factory, which is a significant example of the developing Romanian-Egyptian economic cooperation. The Romanian pavilion and the stands of the 21 foreign trade enterprises exhibiting were awarded medals and diplomas by the organizers of the Cairo international fair.

April: Our country participated for the 37th time in the Leipzig spring international fair. Machine-tools, electrical engineering and electronic

PARTICIPATION AT INTERNATIONAL FAIRS TO PROMOTE EXPORTS

Bucharest REVISTA ECONOMICA in Romanian 10 Oct 86 pp 8-9

[Article by Dr. Octavian Moarcas: "Promotional Activities Designed to Intensify Romania's International Economic Relations"]

[Text] As is known, at the current stage, in order to enhance the contribution of foreign trade as a factor of growth of the national economy, we must increase its efficiency and profitability since, as a rule, foreign trade can help achieve considerable savings of social labor by capitalizing on the advantages offered by the international division of labor. Essentially, foreign trade activities must now move on from overall quantitative considerations to a qualitative examination of the efficiency of trade operations, determining the optimal structure of offers, their real cost, and the advantages derived by the national economy from imports and exports. The main objective of the economic policy of our party and state is to achieve extensive and diversified commercial exchanges by judiciously establishing the volume of exports and attaining a positive commercial balance, thus securing the funds for raw material imports and for repaying the foreign debt.

Within the context of these major concerns an important role is played by promotional activities, the main purpose of which is to bring changes to the attention of the foreign markets and to apprise them of the latest results in science, technology, economy, foreign trade, and particularly, new export offers.

Foreign economic propaganda—whose main purpose is to popularize Romania's economic and export potential abroad—is conducted by the Chamber of Commerce and Industry primarily through periodical and non-periodical economic publications. Periodical economic publications such as ROMANIAN FOREIGN TRADE, ROMANIAN MACHINES AND EQUIPMENT, ROMANIA'S CHEMICAL INDUSTRY, and FORESTA present to foreign customers the achievements attained in developing our national economy and export capabilities in the areas of machine building, electrical engineering and electronics, construction materials, and timber processing. These publications appear as a rule in three or four international languages, in 1,000-2,000 copies, and are circulated among international economic bodies, firms, banks, and chambers of commerce in over 60 countries.

products, metal products, tractors and agricultural machinery, oil equipment, rolling stock, foodstuffs, books, publications, newspapers, and magazines were on show in seven of the fair's specialty sections. The Romanian foreign trade enterprises Metalexportimport, Universal Tractor, and Mecanoexportimport were awarded diplomas at this year's fair.

In the same month, Romania participated for the 21st time in the technical international fair of Hanover where, in keeping of the specific of the fair, it displayed a stand of technical samples: electrical engineering and electronic products, transportation equipment, ball bearings, and metal products.

At the Milano international fair, in which it participated for the 33d time in April 1986, Romania had a commercial agency at the international center of exchanges and meetings, where delegates of the foreign trade enterprises Electroexportimport, Exportlemn, Romanoexport, Confex, and Prodexport conducted commercial negotiations. A participation diploma was awarded by the organizers.

At the Algiers international fair Romania had a commercial agency and a stand displaying chemical and petrochemical products, electronics, and various machine-building mock-ups. The organizers awarded it a participation diploma.

In the same month, our country participated in the international fair of Osaka with a commercial agency and a stand of chemical, petrochemical, and light industry products, household articles, and various mock-ups. The visitors were particularly drawn to the Romanian crystals and wines.

May: Our country was present at the Paris international fair with a commercial agency and a stand displaying: tools, electrical engineering products, household articles, ball bearings, chemical products, construction materials, and products of the light and food industries. The organizers awarded the Romanian stand a participation diploma and the bronze medal. Also in May, a 6-months international exhibition with the theme: "Man in Motion: Transportation and Communications" opened in Vancouver; Romania had there a national pavilion featuring various mock-ups from the area of transportation and communications, especially the aeronautical industry, and highlighting the contributions made by Romanian science and technology in these areas. There was also a Romanian restaurant and a sales stand for Romanian crafts. A pamphlet was printed on this occasion, in English and French, featuring Romania's presence at the Vancouver Expo '86.

A special event in the area of international exhibitions was the opening in May of a Romanian national exhibit in Beijing. Stretching over 4,606 square meters indoors and 3,000 square meters outdoors, the exhibit presented major achievements in the development of Romania's economy; 34 foreign trade enterprises had individual stands with over 1,000 exhibits, made by 323 manufacturing enterprises. Also, the National Council for Science and Technology presented the special achievements attained in scientific and applied research in various branches of the national economy. The products shown were viewed with great interest by the visitors. For the first time, pamphlets, posters, and advertisement material in the Chinese language were

distributed, permitting the public and Chinese experts to better understand the exhibits and the achievements attained in our country's industrial development. Among the exhibits that elicited special interest were the F-320 drilling installation, the installation for the production of polyisoprene rubber, machine-tools, the automatic loom, furniture sets, glassware, etc.

At the Budapest technical international fair in May 1986 Romania showed machine-tools, electrical engineering and electronic products, metal products, ball bearings, textile machinery, wood processing machines, utility and passenger cars, means of transportation, and tractors.

June: Romania participated for the 31st time in the Poznan international fair, where it exhibited a general range of commodities, such as: machine-tools, electrical engineering and electronic articles, ball bearings, metal products, utility and passenger cars, chemical and petrochemical products, furniture, and drinks. The organizers awarded a participation diploma to the Romanian pavilion.

July: At the Djakarta international fair--June-July 1986--Romania was present with a commercial agency, mock-ups, and samples (of aircraft, helicopters, gliders, and freight cars). It also exhibited ball bearings, metal products, electrical engineering and electronic articles, chemical and petrochemical products, and household articles. The organizers awarded the Romanian pavilion a participation diploma.

At the Bogota international fair--July 1986--our country had a commercial agency and a stand (featuring cars, agricultural machines, machine-tools, electrical engineering and electronic products, aircraft and helicopter models, metallurgical products, ball bearings, and chemical and petrochemical products).

Our country participated for the first time in the Moscow railway transportation exhibition, which specialized in rolling stock and railway equipment. Romania showed railway cars and equipment on an outdoor area of 100 square meters [as published] and 45 meters of railway line. The organizers awarded the Romanian participants two diplomas, one for Mecanoexportimport (railway cars), and one for the 23 August enterprise (the MTU-8 engine).

August: At the 55th international fair of Izmir our country participated for the 31st time with a commercial agency and a stand exhibiting: textile machines, electrical engineering and electronic products, chemical and petrochemical products, ball bearings, aircraft and helicopter models, and mock-up models of installations and equipment.

These events provided particularly fruitful opportunities for better mutual understanding and for expanding our country's commercial relations and international economic cooperation.

October: The 12th Bucharest International Fair (TIB), scheduled to open in a few days time, is one of the prestigious commercial events not only in our country, but in all Europe. The fair will gather together a large number of Romanian and foreign exhibitors, thus offering a representative crosscut of

the most recent international achievements in the majority of economic fields. Thus, 493 firms from 33 countries in Europe, Africa, Asia, America, and Australia will be represented at the fair. Some 27 countries will have national pavilions: Austria, Australia, Belgium, Benin, Bulgaria, Canada, Chile, Cuba, Czechoslovakia, Egypt, GDR, FRG, Italy, Israel, India, Iraq, Yugoslavia, Iran, Japan, Libya, Norway, Poland, the United States of America, Syria, Turkey, Hungary, and the USSR.

Romania, the main exhibitor at the current TIB, will show an extensive and varied range of products from all the industrial branches, most of them new or updated products. Among them are the F-400 drilling installation, the F-60 installation, cementing aggregates, mining equipment, modern locomotives, freight, passenger, and special cars (for grain, coal, or cement), etc. It will also exhibit trucks and dump-trucks of various capacities, Dacia passenger cars--including the new Dacia 1410 diesel model--and Olcit cars, ARO jeep-type cars, helicopters, gliders, motor gliders, and mock-up models of other types of aircraft currently produced by the Romanian aeronautics industry.

As customary, pavilion V will be set aside for the International Chemistry Salon, featuring a wide range of products of this basic branch of the Romanian industry, including small bulk and fine synthesis products, polyisoprene rubber, chemical fibers and yarns, chemical fertilizers, dyes, cosmetics, pharmaceuticals, and so forth.

The machine-building industry will feature key sectors such as: computers and minicomputers, electronics, industrial robots, programmable automatic equipment, integrated data processing systems for various areas and activities, household electronic appliances: radio receivers, television sets, cassette players, stereo and music systems, and electrical household appliances: mixers, automatic washing machines, vacuum cleaners, etc. The light industry pavilion will exhibit a wide and varied range of textiles, knitwear, clothing, footwear, leather goods, furs, etc., manufactured in a multitude of styles, models, and colors.

It can be stated that the current TIB will offer a telling image of the current stage of development and economic potential of our country, the diversification of its products and their high quality, our specialized export production, and its adaptation to the requirements of foreign markets.

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EFFORTS TO IMPROVE LIGHT INDUSTRY EXPORT ACTIVITY

Bucharest REVISTA ECONOMICA in Romanian No 45, 7 Nov 86 pp 7, 8, 19

[Article by Nicolae A. Pop: "Raising Export Efficiency by Enhancing Product Competitiveness"]

[Text] At the recent meeting held at the RCP Central Committee with the foreign trade aktiv, RCP Secretary General Comrade Nicolae Ceausescu assigned to all those employed in this area extensive immediate and long-term objectives along the line of raising the quality and efficiency of all related activities, with a view to promoting active, modern, and equitable trade capable of serving the socioeconomic development programs of the country and contributing to raising the general standard of living and civilization of the entire nation. As far as the export of consumer goods is concerned, great sales improvements can be obtained by changing the presentation of the products to the final buyer through conditioning, information, and attractive design.

In view of the steep fierce competition currently existing in export markets, the same attention that is given to the quality of the product itself is also given to packaging, labeling, and ensuring that the packaging of the retail item reaches the buyer in perfect state, and to the image of the manufacturer and the product. An extensive study of certain light industry units producing for export and of specialized foreign trade enterprises has highlighted the fact that there is still an essential gap between the effort invested in manufacturing the consumer commodities and that made to appropriately launch them in foreign markets through proper preparations, something that has the most drastic effect on the foreign prices commanded.

In international practice the prices of consumer commodities vary on a scale from 1:10 to 1:100; these variations are to a large extent due to the special attention paid to presentation and trademark. These are conditioning variations affecting the demand for the same product (for example: designer signed clothing; the quality mark attached to the product; a design prize awarded to the product, etc.), which permit the product to penetrate various distribution networks: luxury stores, specialty stores, central department stores, and so forth. As a rule, such products command far higher prices than standard goods, which are in fact equal to the inferior wares of specialty stores.

We here present the conclusions of the field research carried out.

The study of the means of promoting the export of light industry products featured a direct investigation, of the type of selective industrial investigations, of the major Romanian export producers, complemented by an investigation on the same theme based on an unstructured questionnaire circulated among foreign trade enterprises that market the products of the Ministry of Light Industry. The data gathered allowed us to identify several correct lines of action at enterprise and branch level, to determine the quality of publicity and product preparation required, and on this basis, to formulate proposals for improving export activities. The industrial investigation was carried out with the aid of the Center for Light Industry Product Esthetics of Bucharest, among all the industrial centrals belonging to the Ministry of Light Industry, i.e., 34 manufacturing enterprises (textiles, clothing, footwear, knitwear) and the three foreign trade enterprises that market the respective products abroad (Romanoexport, Confex, and Arpinex).

One of the first objectives of the study concerning the manufacturing enterprises was to determine the role and importance they attach to conditioning products for export. In the light industry, conditioning refers to the totality of design, planning, and execution activities of the materials that make up the product per se, at the same time achieving favorable promotional effects for it. The main--although not only--element of conditioning is packaging (presentation and transportation packaging), accompanied by labels of all types, trademarks, paper sleeves, figurative identification marks, various support accessories designed to preserve the shape of the product (pins, props, hangers, shoe trees, etc.). All these elements are incorporated in the product, without, however, belonging to its actual material substance. They are distinct from functional accessories (buttons, zips, ribbons, snaps, etc.).

By approaching the export product in a systematic manner, i.e., by considering the overall marketing of the intrinsic and nonintrinsic elements and the messages that accompany the product itself, including the image that the respective product forms in the mind of the consumer, which determines whether the product will be purchased or not, we can better understand why the manufacturer of export goods must pay equal attention to all the stages of production, from design and planning to finish and quality control, taking care to closely align his promotional efforts to the specific demands of the target market.

Our investigation showed that at present, conditioning, as a component of the product, is inferior, from the viewpoint of performance, to the quality of the raw material (such as fabric or leather) and the qualification of the manpower employed in export production. This situation has a significant impact on the quality of the image of products earmarked for foreign markets.

In order to find a common denominator concerning the role and importance of promotional activities in fulfilling export tasks, the responsibility for this aspect must be assigned to a given compartment of the enterprise. The study sought to find an answer to the question: "Who is in charge of the technical presentation in the enterprise?" In 31 percent of the cases it was the

planning department, in 24 percent of the situations the design department, in 13 percent of the cases the export department, in 9 percent of the situations the "supply," in 7 percent the "commercial" department or the technical service, while in 9 percent of the situations the reply was that the enterprise had no specific tasks along this line for any department. The absence of a common concept regarding the responsibility for this activity constitutes an organizational deficiency that in part explains the shortfalls recorded in many cases in the matter of packaging materials and presentation of export products.

Another object of the study was to pinpoint the major deficiencies in the process of design and technical production of packaging and publicity materials, and to find their causes. The incidence of the causes for which foreign partners refused to accept the conditioning elements proposed by some of our producers is the following:

— the quality of the packaging materials used	33.5 percent
— technological level of the execution	27.5 percent
— lack of promptitude	21.7 percent
— constructive solutions, graphics, text, etc.	7.2 percent
— excessively high costs	7.2 percent
— other causes	2.9 percent

However, we want to note that 15 percent of the enterprises questioned did not meet with situations in which foreign partners rejected their conditioning elements.

Through frank questions and answers we sought to break down into specifics the difficulties encountered by producers, and thus to outline a clearer image of the packaging problem as it emerges in the various subbranches of the light industry. One of the problems shared by these subbranches is ensuring supplies of packaging materials, or receiving materials of a poorer quality than expected by foreign partners. Among the materials found to be deficitary we want to mention: cardboard (wavy, for collective wrapping; special, for individual wrappings; vellum, high quality, for labels; chalked, for folders); polyethylene sheets, for bags; self-sticking paper and high quality cellophane. As in the case of exporting timber at the expense of furniture exports, or raw aluminum at the expense of aluminum products, wrapping cardboard is exported directly by the producer and bought for several times the price from commodity importers.

In the textile industry, aside from general deficiencies, the following were signaled more frequently: absence of equipment suitable for producing plastic wrapping materials of the quality requested in foreign markets; excessively thick sheets, something that reduces transparency and graphics quality, which is a function of lightly stamped drawings and text. In the clothing industry, aside from deficiencies caused by the lack or poor quality of materials (signaled in over 80 percent of situations), we noted an inadequate concept of the size of cardboard packaging (dimensions) and the very long period of time—unacceptable to foreign partners—that it takes to put into production certain materials required for product conditioning. Technological deficiencies such as: inadequate textile backing for printed labels, those not

coated with nickel, non-transparent and not clearly printed sheets, aside from the above mentioned deficiencies. In the knitwear industry, specific flaws are less pronounced and reflect mainly the manufacturing quality of the packaging materials. In the leather, rubber, and footwear industry, aside from raw material failings, the major deficiencies noted concern irregular deliveries of packaging materials by the suppliers for producers in this industrial subbranch.

Another aspect investigated was the degree to which the elements of product conditioning meet foreign market requirements. For that purpose we used an ordinal five-step scale. After the research, the characteristics taken for the classification were each given a numerical equivalent, the final result being an interval-type scale. The scale steps and the numerical equivalent of each were: totally inadequate (-2), mostly inadequate (-1), adequate on the average (0), mostly adequate (+1), and fully adequate (+2). The overall value of the evaluation coefficient obtained was $C = -0.264$, which places the general quality level of the conditioning achieved for some of the light industry products below the normal acceptance limit.

Among the objectives of the study was also an evaluation of the quality and efficiency of the publicity made on foreign markets for certain light industry products. The enterprises questioned described this activity as sporadic and inconsistent in terms of promoting sales. An objective cause was found to exist in this respect; as long as our wares are marketed by intermediaries active in the respective markets, as is often the case, they prefer to promote the products under their own trademark. However, such cases should not prevent the Romanian exporter from developing complex publicity campaigns—especially institutional—targeted to potential business partners in the international market.

Among the means of publicity, the trademark is a complex promotional element that can not only serve to advertize the product, but particularly to guarantee a certain quality, which determines the competitiveness of the product. The results achieved by the knitwear, clothing, and footwear enterprises through the launching of the Tomis, Rostart, and Rosprint trademarks are positive, but so far they are only reaching individualized markets. A larger public has been reached for the quality trademark Woolmark, which has been advertized in the domestic market. The efforts made along this line by the manufacturing enterprises for export must be in the future greatly intensified and linked to similar actions by the foreign trade enterprises. Equally limited have been the publicity endeavors made to produce high quality advertising material such as catalogs and folders.

The study of certain exports revealed the fact that while the quality of the light industry exports is substantially improving, the conditioning of certain products is stagnating, something that can have a negative influence on export efficiency. The opposite situation is noted among some of our international competitors, who are investing greater efforts in the quality and esthetics of conditioning and in publicity, than in the actual quality of the products.

The market study in question was designed to outline the major means of improving the conditioning and publicity of the light industry exports. All

the actions related to promoting international sales must be viewed as part and parcel of the "marketing mix," so that any promotional decision must be thought out in correlation with the product, price, and distribution policy of the manufacturing enterprise. In markets where local practices permit it we must prepare the ground promotionally for the penetration of Romanian producers, under their own name and trademark, down to the final buyers. Without such a strategic alternative, our products lose their identity in foreign markets and the producers are reduced to manufacturing only on order, thus being left at the mercy of foreign customers. The penetration of Romanian commodities in the international market, under their own name and trademark, is a very complex and long-term action for which funds must be invested in reorganizing distribution, which involves a higher degree of risk than the present marketing mechanism, but which constitutes the most appropriate alternative for enhancing the efficiency of long-term exports. Note that retail prices in foreign markets can be 2-3 times higher than export prices.

We believe that the following guidelines should be followed to increase the efficiency of the publicity and conditioning of export commodities:

Careful documentation of promotional decisions, by securing more information on the major international market trends for light industry products. Promotional documentation should include information regarding design trends for light industry products and product conditioning elements.

The design of product conditioning elements must be more closely correlated to the requirements of the consumer segments targeted by the light industry products. Along this line, out of the stockpiles earmarked for export we should set aside the products that meet higher competitiveness standards and channel them to more demanding market segments, as "boutique products." Both the design and execution of the conditioning elements for this category of products must be carried out separately from the rest of the export stocks.

The enterprises should find it genuinely profitable to design the product conditioning elements simultaneously with the design of the products themselves. Thus, the conditioning would no longer be treated as a secondary concern, its design and execution left to last minute or improvised solutions, after the product has already been put into production. This approach requires intensified endeavors to spread the application of positive experiences and exchanges of experience among Romanian designers and producers of packaging materials and other conditioning elements. The Ministry of Light Industry could organize annual national exhibitions—at a preset date—featuring the most noteworthy domestic achievements in the area of product conditioning and publicity, accompanied by discussions with designers and the people responsible for this sector at enterprises, centrals, and the ministry.

Publicity planning should be more firmly anchored in the requirements of its target public. The most important printed matter for publicity is the catalogue, whose thematic and graphic presentation must make it competitive with similar materials printed by our competitors.

The publicity message of the catalogue must emphasize the elements that make the products of the Romanian light industry more competitive. It should

Highlight: the increasingly wide range of Romanian products that rival world famous ones; the technological capability to turn out complex elements in line with the latest style trends; the offer of clothing and interior articles made of traditional Romanian fabrics (wool, linen, flax) and of combinations of natural raw materials or combined natural and synthetic materials, in keeping with the current world fashions; the attractiveness of the Romanian products from the viewpoint of the geographical location of the exporters, and observance of delivery deadlines and other contract clauses.

The manufacture of product conditioning elements should be concentrated in a far smaller number of enterprises, equipped with the necessary installations, rather than using the services of the small-scale industry and artisans cooperative. The study found the following enterprises as the most representative in this area: ICOA Bucharest, Republica of Dirste-Brasov, Viitorul of Oradea, DNP Bucharest, and Macart of Cluj-Napoca.

In order to raise the technological level of the producers of conditioning material to the level of international competitiveness, we suggest:

- a) Intensified efforts by the research and design departments of the machine-building industry to produce equipment on a par with world technology;
- b) Better capitalization on the cooperation relations with foreign partners with a view to securing competitive technologies for the specialized units of the Ministry of Light Industry in situations in which the domestic equivalent is not yet competitive. Along this line, we suggest that negotiations be conducted with foreign partners for the purchase of competitive machinery and technologies for the respective enterprises, whereby the investment can be repaid in the form of light industry products.
- c) In the case of enterprises manufacturing packaging and other conditioning material which do not belong to the Ministry of Light Industry, but whose products are in their greater majority designated for the light industry, we suggest that their transfer to that ministry be considered;
- d) We suggest the establishment of a special microproduction section at the CEPIU Bucharest for the manufacture of small and urgent orders of very high quality conditioning material. This section should be equipped with advanced technology, by using the solution proposed under point b. The cost of the conditioning material thus produced should be duly reflected in the final export price;
- e) The representatives of Romanian foreign trade enterprises who participated in the study agreed on the necessity to secure larger promotional financial resources. Such resources, economically managed, should permit improvements in our promotional activities and significantly boost exports.

The guidelines and solutions suggested can yield results only if the concept of conditioning and publicity activities is changed at all the levels by more forcefully asserting their importance for boosting and increasing export efficiency.

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SLOVENE OFFICIAL DISCUSSES PLANS FOR SMALL BUSINESS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 22 Jan 87 p 10

[Interview with Ivan Kukovec, member of the Presidium of the Economic Chamber of Slovenia, by Zdravka Cicmirko-Pokrajcic: "Two Thousand Small Business Programs"; date and place not given]

[Text] Alongside the large systems in the advanced countries of the world, small business has also been developing for decades as an integral part of large-scale production, distribution, and services, both as part of its production proper and also its infrastructure.

Private shops with a few employees--say in Italy--sell goods and services amounting to \$17 billion on the world market in an average year--more than the entire Yugoslav economy. To be sure, recently people have become aware even in our country that we must develop small business at a much faster pace than up to now if we are to achieve a new thrust in development of the entire economy. In spite of the commitments, we are still achieving very modest results in practice. This cannot truly be said of all the republics and provinces. SR Slovenia, which has probably done most to develop small business, should be set apart in this regard. We talked with Ivan Kukovec, member of the Presidium of the Economic Chamber of Slovenia, about its role in the republic's total economic relations.

PRIVREDNI PREGLED: What have been the operating results of small business in both the socialized and private sectors in 1986?

Kukovec: Better than in the other branches of the economy. Production and services increased between 4 and 5 percent last year over 1985, while in the other economic branches of the republic the growth was between 1 and 2 percent. The share of small business in the entire economic and social structure is between 6 and 7 percent, half of which is in the socialized sector and half in the private sector. Nevertheless, we are not satisfied with the results, since we plan a growth of production between 7 and 8 percent, since we feel that there is large untapped potential in this activity. Small business is capable of producing much more, but other factors have stood in the way of its development and upward climb. In first place are the general economic conditions in the country, then prejudices and the great fear that private craftsmen will become rich, which have had an essential impact on the rate of development of the private sector. Then there has also been the problem of space

that they could use and personnel. In short, small business has not received sufficient support from the society as a whole.

After all, even though we in Slovenia have paid particular attention in the last few years to the development of small business in both the socialized and private sectors, all the measures sketched out in the republic's planning documents are not being implemented. For example, little has been done to commit public resources to long-term cooperation with the socialized sector, to division of labor, to small-scale production, and to services in the tourist industry. One feels that the socialized sector is not greatly interested in development of small units when bank funds are to be committed under more favorable conditions, as has been sketched out in our planning documents. There are still cases when small units are simply liquidated when they get into difficulty; conventional industry simply gobbles them up without providing a definite replacement for them.

The "Little Guy" Is Still in an Inferior Position

PRIVREDNI PREGLED: Which sector of small business has developed the most in SR Slovenia?

Kukovec: It is the truckers who are in first place; but in terms of the number of shops and services there are the hairdressers, restaurants, and auto repair garages. With respect to the effectiveness of the income earned the leader is small-scale production, followed by metalworking and construction and the manufacturing of plastic products in both the socialized and private sectors. In Slovenia there are 27,000 private craftsmen and tradesmen. Some 32 contract organizations of associated labor have been established with more than 10 and indeed even over 100 persons employed. A specific social compact has been concluded on behalf of their harmonious development and to regulate socioeconomic relations on the basis of the private and public capital that has been invested; this compact is constantly supplemented, and its purpose is to give craftsmen and tradesmen and specialists an incentive to establish new contract organizations of associated labor.

A step forward has also been taken with respect to development of small business facilities in the socialized sector. Today there are about 420 such OUR's in SR Slovenia, each of them employing fewer than 125 workers or as many as 200 workers in the season when construction work is done. However, because of the highly unstable economic conditions and unfavorable operation of economic and market conditions and the unfavorable operation of economic and market laws, their economic advantage and capability of adapting rapidly to technological development and to the ever higher requirements on the domestic and foreign market have not been manifested. That accounts for the lag in development of cooperative relations in small-scale production and service activities of the socialized and private sectors with large systems.

PRIVREDNI PREGLED: Which means that the "little guy" is still in an inferior position?

Kukovec: Yes, that is exactly it. Compared to the "big guy," small business OUR's have truly been neglected and also have a much higher burden of social

overhead. Our self-management legislation and all other enactments are actually oriented toward large work organizations. However, they also apply to small business, even to establishments with some 10 employees, which detracts considerably from their competitiveness. It is difficult for the comparative advantages of small business to be manifested in such a situation.

PRIVREDNI PREGLED: That seems to me to be a vicious cycle. How are we to get out of it, in your opinion?

Kukovec: The only way out is to amend the enactments, which must be adapted to small business. After all, under present laws the capital invested is also treated inappropriately. There is a big problem in how to put proper value on it not only in the case of craftsmen and tradesmen, but also in the case of contract organizations of associated labor in the socialized sector. Then there are various restrictions on imports of machines, customs duties, the "census" related to exports, etc. For example, when after 13 years or more spent working abroad a Yugoslav comes back home and wants to open a craft or trade establishment, he must, of course, import certain machines.

If it happens that the technological process requires that he exceed a certain "quota" on imports because of certain additional small machines which exceed that quota, the entire production process is shut down. These things are absurd. It is no wonder that many people prefer to put their savings in the bank, take the interest, and live without worries.

Services Are in the Greatest Demand

PRIVREDNI PREGLED: Did the conversation of the chairman of the Federal Executive Council with Yugoslavs employed temporarily abroad who have been successful in business and certain changes in economic conditions this year have an impact toward faster development of small business?

Kukovec: The federal resolution calls for certain incentives for development of small business: for example, the tax policy will stimulate investment of the investment capital of OUR's in development of small business in the socialized and private sectors. The republics and provinces are to make changes in their enactments, to simplify procedures in the issuing of permits by sociopolitical communities, especially opstinas, as envisaged by the resolution, and also the turnover tax is to be abolished on the purchase of capital assets, and land and other public services are to be furnished for the development of small business. These are only some of the main lines. If even a part of what has been projected is achieved, there will be a step forward in the development of that branch this year.

I must emphasize that all of our proposals on the question of small business were incorporated into the federal resolution except the demand that socialized plants in small business be relieved of unnecessary overhead costs by a supplement to the legislation.

PRIVREDNI PREGLED: What is the situation with the republic resolution?

Kukovec: It is much more modest and defines the tasks in small business in a general way. Among other things it provides for a 5-percent growth of the social product, above all with a further increase in the volume of cooperative relations on a long-term basis and income-sharing relations, along with a more stimulative tax policy and creation of better conditions for formation of new shops and small plants in small business. That is, in SR Slovenia we plan for there to be at least 40,000 private establishments by the year 1995.

PRIVREDNI PREGLED: A rather ambitious plan. Will you be successful in this? Which activities are in the greatest demand?

Kukovec: At present the number of establishments of private craftsmen and tradesmen has not been falling off, but the number being opened is not keeping up with the plan. We have had the most problems with space in which they can locate. That is, optimists take the view that new establishments cannot be opened unless space has been fitted out, and that is something that depends on their urban plans. Space has been provided for small business in new industrial zones and also in the adapted areas of the old part of Ljubljana and other cities. But somehow we will manage to find a place for the private entrepreneurs, yet things are much more difficult with establishment of contract work organizations. That is, it is difficult to find the founders. Large work organizations and systems are certainly not the right place to look, since they themselves are having difficulties finding resources, so that they can hardly set aside money for that purpose.

As for activities, services are in the greatest demand. In the first place are tailors and shoemakers, then there is also a need for hospitality and tourism, small-scale production of parts to service and maintain household appliances, automobiles, and the like, which incidentally is required by law. Small business can produce various parts and assemblies, gaskets, screws, and other production supplies for large-scale production. Unfortunately, certain work organizations still prefer to purchase such parts on the world market. We are even importing hooks for clothes racks, a trivial article which could be made by any craftsman.

Every year we organize an exhibition through the Center for Development of Small Business in which large systems present their needs for subcontractors in small industry. Last year, for example, "Metalka" of Ljubljana realized 4 million dinars of income in cooperation with small business; this year cooperation is to rise to 10 million dinars. So far we have registered 2,000 products for which there is a need and which subcontractors in small business could make.

Potential in the Resources for the Underdeveloped

PRIVREDNI PREGLED: It seems to me that the Economic Chamber is working more to develop small business than big business.

Kukovec: Well, I would not agree with your assertion.

PRIVREDNI PREGLED: It is not an assertion, but a question, Comrade Kukovec!

Kukovec: Fine, I will try to answer your question then.

In developing small business our purpose is above all to supplement the defective and one-sided economic structure and to do so by developing socialized plants with between 10 and 100 employees which are adaptable and have a high-technology program and also by encouraging successful craftsmen and tradesmen who employ up to 10 workers. By developing small business we are opening up broad opportunities for new economic and technological advances by means of numerous innovations, which will be used much more easily, rapidly, and inexpensively in small business than in large-scale production. We have recently had a rather clear indication of this because of the difficulties in our wood industry, but not only in that branch. Tax deductions have been adopted on the income of OOUR's in order to speed up innovation.

PRIVREDNI PREGLED: Does this mean that small business will pull us out of the difficulties since the large-scale economy has been unable to do so?

Kukovec: As a matter of fact, there is some truth in your question. But let us not take that literally. Small business truly can be of great help to big business, provided, of course, that it is accepted as an equal partner. That is why there must also exist a general social climate and above all incentives and good conditions for development of small business.

We have been going in the opposite direction from the beginning. We have been developing large systems and accumulating difficulties, while in the world at large the process of industrialization has been going in the opposite direction. Both large and small have been developing side by side, so that the large factories have developed around them a chain of small craft and trade establishments, subcontractors which have complemented their production program. As for SR Slovenia, its industry did in fact arise primarily out of small craft and trade establishments which played a decisive role in its development. So, there is a tradition, and the craftsmen and tradesmen should be included in the overall economic flows as equal partners of the large systems. That incidentally is what the entire intelligent world is doing.

PRIVREDNI PREGLED: Comrade Kukovec, you have forgotten to answer the first part of my third question!

Kukovec: Yes, I intentionally avoided it. It is not my place to evaluate an interview which the prime minister has with our workers employed abroad temporarily.

PRIVREDNI PREGLED: Even though the topic was that part of the economy on which you are an expert?

Kukovec: Yes, in spite of that.

[Box, left]

The 1984 social compact for more rapid development of small business and the Law on Crafts and Trades in Slovenia made it possible for the private sector to employ a larger number of workers: as many as 10, for example, in hostelry. Opportunities were also opened up for forming production cooperatives in the crafts and trades that could be established by as few as three craftsmen. This gave a long-term basis in terms of the system for more rapid development of cooperatives in the republic. Now there are 46 craft and trade cooperatives whose membership includes about 40 percent of Slovenian craftsmen and tradesmen.

[Box, right]

Certain commercial banks have also become involved in the development of small business. Some time ago the Ljubljana Business Bank and Belgrade Basic Bank, also in Ljubljana, established special business units for the earmarked savings of craftsmen and tradesmen and other individuals, above all our workers employed abroad temporarily, to open up shops and establishments for hostelry and tourism and the like.

7045

CSO: 2800/121

BRIEFS

ETHIOPIAN ENVOY PRESENTS CREDENTIALS--Tirana, February 12 (ATA)--The ambassador extraordinary and plenipotentiary of the People's Socialist Republic of Albania in Ethiopia, Alkyz Cerga, presented the credentials to the president of the Provisional Military Administrative Council of Socialist Ethiopia, Mengistu Haile-Mariam. Attending the ceremony of the presentation of the credentials were the minister of foreign affairs, Berhanu Bayeh, director at the Ministry of Foreign Affairs, Nega Holdekidan, and others. [Text] [Tirana ATA in English 0745 GMT 12 Feb 87] /8309

NETHERLANDS ENVOY PRESENTS CREDENTIALS--Tirana, February 7 (ATA)--The President of the Presidium of the People's Socialist Republic of Albania, Comrade Ramiz Alia, yesterday received the ambassador extraordinary and plenipotentiary of the Kingdom of Holland to the People's Socialist Republic of Albania, Albert Nooij [as received] who presented the credentials. The ceremony of handing over the credentials was attended by the minister of foreign affairs, Reis Malile; the secretary of the Presidium of the People's Assembly, Sihat Tozaj; the director at the Ministry of Foreign Affairs, Andon Berxholi; and the head of the Protocol Branch at the Foreign Affairs Ministry, Kostaq Cifligu. [Text] [Tirana ATA in English 1142 GMT 7 Feb 87] /8309

KHARDHIQI EARTHQUAKE--Tirana, February 14/ATA/--On February 13, 1987, at 14.58 hrs (local time) our seismological network registered earthquake tremors 4, 6 degrees according to Richter Scale and with intensity in the epicenter 6-7 degrees MSK-64. The epicenter of this earthquake was in Kardhiqi Zone, Gjirokastra District. Its tremors were also felt in the cities of Gjirokastra, Tepelena, and Saranda as well as in some villages of these districts. There is no casualties and material damage. [Text] [Tirana ATA in English 1200 GMT 14 Feb 87] /8309

CSO: 2020/60

INDICATIONS OF CHANGE DETECTED

Frankfurt FRANKFURTER ALLGEMEINE in German 26 Jan 87 p 3

[Article by Viktor Meier: "Stairs Have To Be Washed from the Top Down"]

[Text] Prague--The editorial office of the Czechoslovakian Communist Party organ RUDE PRAVO is obviously not the best place to investigate the possible effects of Gorbachev's policy of relaxation on Czechoslovakia. The visitor is emphatically informed that Czechoslovakia is a sovereign, independent nation; how can "Western propaganda" believe that Soviet measures have any influence on the internal workings of this country? The visitor is surprised by such a lack of respect for the great "Soviet example." One has been accustomed to a different attitude over the years, especially from RUDE PRAVO. Moreover, at the 14th Party Congress, current Party Leader and President Husak had "sincerely and personally" thanked Comrade Brezhnev, who was present, for the fact that the Soviet Union had led Czechoslovakia back to the path of virtue.

It is not hard to fathom the reasons for this change. In recent weeks, or even days, signs of uncertainty and differences of opinion approaching the dramatic have been appearing in the previously rigid Czechoslovakian power structure. For a long time Czech leaders had waited carefully to see whether Gorbachev would be able to adhere to his policy. On a few occasions, Soviet newspapers were not distributed in Prague. Some doubts remained, but certain Soviet measures of the last few weeks have made it clear to Prague that Gorbachev will be in power for the foreseeable future. Moreover, Czechoslovakian Communists, both those in favor of and those opposed to reform, can point to the fact that some of the changes just now taking place in the Soviet Union have long been a reality in Czechoslovakia. According to RUDE PRAVO, the structure of the Czechoslovakian economy was improved back in the early 1970's. An expert on the theater says that even during the worst Stalinist period, the Ministry of Culture did not meddle in the details of production as much as its counterpart in the Soviet Union.

However, details like these are not the issue nowadays; the current discussion hinges on basic policy, and probably also on power within the political structure. The proponents of reform in Czechoslovakia have proven to be a stronger force in this debate than expected. The first waves had hardly gathered momentum before a notably wide range of opinions became evident, almost like in the mid-1960's. Even those who favor reform do not want a

replay of the events of that era, however. Their argument is merely that if the country waits too long for some kind of resolution, as it did back then, the situation could get out of hand.

RUDE PRAVO today is no longer representative of the entire party. The party organ and those who control it clearly belong to the faction that would prefer to wait a little longer. In Plzen last September, Central Committee Secretary Fojtik, who is in charge of ideology and information, was still warning against instability. Communists in Czechoslovakia, he said, must work "under other conditions" than in the Soviet Union. According to sources in Prague, Fojtik probably was primarily expressing his own viewpoint. Since then he has softened his position somewhat in another address, and even RUDE PRAVO has made its first concessions to Gorbachev's style of increased "Glasnost", or openness. On the other hand, Central Committee Secretary Bilak, who is still in charge of foreign relations, seems to be having difficulty finding contracts in Gorbachev's Moscow because of his hard-line position.

Sources sympathetic to the "open" factions of the Czechoslovakian Communists see these signs from Moscow as supportive. "The changes taking place over there make it possible for us to be more flexible," is a frequent comment. No one in these circles denies that the pressure from Moscow has eased off. People think they feel the change. For instance, Gorbachev's reticence about making an official visit to Prague is said to be part of this new attitude. More important, however, according to these sources, are the openly reported demands—in LITERATURNAYA GAZETA, for example—for better quality for Czechoslovakian-made products. Even the shoes produced by the former Bata plants have been criticized. Better quality, however, can be achieved only through a fundamental change in the system.

In the circles of government surrounding Premier Strougal, the efforts to achieve reforms have now found expression in a document on changes in the economic system published in the party organ on 9 January. It bears the cautious title "Restructuring," rather than "Reform," and in other respects as well is guided by the effort to avoid "revolutionary" forms of reorganization. For example, there are plans "in principle" to get closer to world market prices, but with allowances for Czechoslovakia's less favorable domestic productivity. The necessary legislation will be enacted this year, and it is believed that the entire new system can be put into effect with the next 5-year plan in 1990. Strougal himself has stated repeatedly that the problem is that "pressure from below" for reforms is lacking, i.e., pressure from the managerial level. The current managers, who are often "political," do not want their work load increased, and many of them will have to be replaced.

The question is whether there is still enough time for this. Moscow is pressing its demands, and at the same time Czechoslovakia would like to purchase more high-quality products from the West. At the beginning of February, Soviet Foreign Minister Shevardnadze announced an eagerly anticipated visit to Prague, during which many people expect to hear Soviet intentions explained in more detail. There are signs that Gorbachev strongly desires

that Prague contribute to his efforts to improve the Communist image. For example, this year the Soviet leader will visit the Pope. The position of the church in Czechoslovakia makes a somber backdrop for this overture. But already, during the past few weeks, Special Papal Nuncio Colasuonno was able to travel to Prague for "exploratory talks," and for the first time in years Cardinal Tomasek also expressed himself as somewhat more optimistic. In any case, church and state recently were able to reach a surprisingly speedy agreement on the new vicar-general to be named for the Prague archdiocese. There is even talk of the Pope making a stop in Czechoslovakia the next time he travels to Poland.

The movements toward change that people believe are happening in Czechoslovakia as a result of the new Soviet policy are taking place exclusively within the party, and even within party leadership. Other spheres of power are not involved. The uncertainties are increased by the prospect that personnel changes could be necessary within the foreseeable future. President and Party Secretary Husak does not seem to be in the best of health, and word has it that he plans to limit his activities to the presidency. Jakes could be up for consideration as the new general secretary of the party; as secretary of the Central Committee and a member of the Politburo, he has dealt with economic matters. Strougal might also be a candidate. And there are other, younger officials waiting in the wings. The latter were sharply criticized by some members at the last Central Committee meetings. For the past fifty years the party has been suffering from "opportunistic inconsistency," according to Czechoslovakian Deputy Prime Minister Adamec. The leading Slovak politician, Lenart, who was minister-president during the 1960's, also spoke of the party's "insufficient means" of combating negative influences. And Hermann, the young district leader from southern Moravia residing in Brno, bluntly asserted: "Stairs have to be washed from the top down."

13114/12851

CSO: 2300/153

ASSEMBLY OFFICIAL ON SUPPORT FOR POLICIES

LD130008 Prague CTK in English 1258 GMT 12 Feb 87

[Text] Prague, 12 Feb (CTK)—Support for the Czechoslovak foreign policy of peace and the concerted steps of the socialist countries to avert war and strengthen security in the world is a principle of the foreign political activity of the Czechoslovak Socialist Party, its chairman Bohuslav Kucera told journalists here today.

Bohuslav Kucera, deputy chairman of the Czechoslovak Federal Assembly, gave the press conference before the party's conference in Prague on 19-21 February. The Czechoslovak Socialist Party recognizes and fully supports the leading role of the Czechoslovak Communist Party in the development of Czechoslovakia. It has 16,000 members in Bohemia and Moravia where it operates.

The Czechoslovak Socialist Party is able to work for peace and social progress because many of its members are active in the Czechoslovak Peace Committee, The Czechoslovak Society for International Relations, the Czechoslovak Committee for European Security and Cooperation, the Czechoslovak group of the interparliamentary union and other organizations, Bohuslav Kucera said. In 1983, the party adopted together with the Polish Democratic Party and the GDR Liberal Democratic Party an appeal in support of security and disarmament in Europe which they sent to 62 socialist and liberal parties of the world. The good response from a number of these parties contributes to the creation of an international atmosphere of cooperation and [word indistinct] of these two parties of Poland and the GDR, and of the Social Democratic Party of Korea (People's) and the Vietnamese Socialist Party will be among the guests to the Czechoslovak Socialist Party conference.

/9604

CSO: 2020/58

BRIEFS

BRITISH HEALTH COOPERATION--London, 6 Feb (CTK correspondent)--A plan of cooperation between Czechoslovakia and Britain in the field of medical care for the 1987-88 period was signed here last night by Czech Health Minister Jaroslav Prokopec. The minister told CTK that Czechoslovak-British cooperation was on a high expert level and was focusing on problems, including the diagnosing and treatment of AIDS, children's oncology and cardiography. Minister Prokopec's talks revealed possibilities of cooperation in pharmaceutical production and of obtaining some modern British medicines. Czechoslovakia is also interested in British technology for newly built health centers. [Text] [Prague CTK in English 0817 GMT 8 Feb 87] /9604

CSO: 2020/58

NOWE DROGI CHIDES PARTY COMRADES' VIEWS

AU052017 Warsaw NOWE DROGI in Polish No 12, Dec 86 pp 165, 166

[Janusz Fastyn commentary: "Views"]

[Text] People's tongues have now become loose, and so we can find out how interesting the views they profess are. Their judgments, evaluations, and views are a motly lot. Everyone wants to sound original. In particular, the variety of political views is so great that the term pluralism is unable to embrace all of them, even though it continues to be fashionable.

In various places and under various circumstances—not only at my aunt's birthday or in a railway compartment—I have been able, in the past few years, to hear things that in the past would have paralyzed our ears and hands and would have made our hair stand on end. Nowadays such things are called a political discussion. I do not intend to snoop around church porches or boarding schools run by the church, although it is common knowledge that politics has its place there. The so-called party communities will do for me.

Well, what is it that some party comrades are proud of? Primarily of their openness. They are very modern people, which means that they are open to everything, to all streams coming from various directions. They have appropriated the familiar saying that "you can learn even from the Devil." That is why they continue to learn most assiduously and try to teach others anything that is new. Often they enrich their instruction with the observations they made during their foreign travels or during the screening of foreign movies, assuming that the models of life and consumption, but not of work, in countries such as Sweden, the United States, or Japan, which are so "close" to us, are very good for Poles and Poland. They teach us democracy, human rights, patriotism, enterprise, and love of nature, not forgetting pious admiration for technological civilization.

With regard to "Macro" issues, we could in principle accept the slogans they propose, if we did not take into consideration some nuances. After all, all these slogans are included in the PZPR program except that their stylistic formulation is slightly different. For example, the program does not use the term "democracy in general," because everyone knows that no such democracy exists. The program uses the term "socialist democracy." It is only when we come to these comrades' proposals for "specific" solutions that we become thoroughly

confused. It would be useless to cite all of them. Not so long ago there was an abundance of them in unofficial and official circulation. Let me mention just one way of repairing Poland that has moved me more than any other. Carried away by his penchant for discussions, a certain comrade proposed that we should model the political system of the existing Polish state—I loyally stress that he did not use the adjective "socialist"—on the British parliamentary system, on the one hand, and "on Jozef Pilsudski's democratic and government achievements," on the other. Can you hold back your tears?

But this is nothing. I give you my word that another comrade, who kept stressing his party membership during a discussion attended by nonparty people, exclaimed point-blank: "What do we need this socialism for?! Life under capitalism is better."

Have people's tongues become loose? No. Their tongues have become a mish-mash. It would be a good thing if the freedom of speech were reinforced with the duty to think.

I do not want much, but I wish that with regard to at least one issue some comrades were more careful and accurate in expressing their views. The issue is whether to build socialism in Poland. They should be more careful and accurate unless they have forgotten which party they joined at one time and unless they are now not satisfied with this party.

/12232

CSO: 2600/361

BARCIKOWSKI ADDRESSES SELF-GOVERNMENT SESSION

AU211434 Warsaw TRYBUNA LUDU in Polish 17-18 Jan 87 p 3

[Report signed "J. MIK.": "Comprehensive Assistance for Self-Government Activists"]

[Text] Opening the inaugural session of the Programmatic Council of the Self-Government Study Center on 16 January, Kazimierz Barcikowski, deputy chairman of the State Council, said that the center had been established by the State Council in line with the Politburo recommendation. The center, he continued, meets the needs of the institution of self-government because the permanent consolidation of this institution within our political system requires the existence of a center responsible for amassing and spreading knowledge about self-government.

K. Barcikowski then handed over the appointment certificates to members of the Programmatic Council, which is composed of chairmen of workers councils, representatives of social organizations, self-government activists, representatives of the people's councils, scientists, and Sejm deputies. Professor Sylwester Zawadzki was appointed chairman of the council.

The session discussed the 1987 action lines, which were presented by Kazimierz Myzk, who is the head of the center, the tasks of which include training self-government activists, assisting training activities of other institutions by supplying them with lecturers and curricula, legal advisory services, sponsoring studies of self-government, and cooperation in this regard with other specific centers.

Self-government activists attach great hopes to the center, but they realize that the center will not solve all the problems. What it should do, however, is to exploit the present experience and achievements of self-government bodies and to launch new original activities devoid of any routinism. For one thing, this applies to training, which should be extended to all self-government activists (a universal demand!) and represent high but feasible standards. The training's basic purpose should be "enrichment of awareness" and "developing skills."

The session also agreed that the center should take a position on difficult self-government matters and serve as a channel of consultations about and research into the views of self-government bodies.

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CSO: 2600/361

DAILY CELEBRATES JOURNALIST BODY ANNIVERSARY

AU221311 Warsaw TRYBUNA LUDU in Polish 19 Jan 87 p 2

[Jan Brodzki article: "The SD PRL Is 5 Years Old: Achievement and Commitment Before the Accountability-Election Campaign"]

[Excerpts] The Association of Journalists of the Polish People's Republic [SD PRL] is commencing its accountability and election campaign prior to its second congress this fall.

The association was formed by a founding body of journalists at a difficult time, March 1982. The journalists were members of the PZPR and allied parties, and nonparty activists. The group was formed out of a political desire to support the line of national accord, consolidate the constitutional socialist order, protect the Polish *raison d'etat*, implement important socioeconomic reforms, and establish a line of struggle against everything that hampers accord.

The founding body of journalists was 100-strong. At the threshold of 1986-87, there were over 8,000 members out of 10,000 journalists in Poland. No other journalists' association in the past 40 years has achieved such a high proportion of representation involving voluntary membership.

This is the association's achievement. But it is most of all an achievement of the policy consistently applied by the party and confirmed and enriched by the 10th Congress.

However, the association expects of its members dedication in the performance of their professional and social functions in various spheres of the country's life. It demands considerably more than it is able to offer them in the way of social-professional security.

Within the SD PRL there are a lot of disputes, discussions, and polemics about how to perform tasks. However, the fact remains that the association has politically consolidated the journalist community to a major degree. Philosophically, the association is pluralistic yet possesses a uniform view of the essence of the Polish *raison d'etat* and the country's socialist development path.

The association's efforts in preparing the draft press law are an undeniable achievement. The association consciously fought for a legal instrument which

sets the rights of the press and journalists within a constitutional framework, for example the freedom of speech which does not violate constitutional principles, the right to give information and exchange views, the right for journalists to keep professional secrets, the right to publish corrections, and so on. Problems connected with the law's implementation are unchangingly at the association's center of attention and are discussed both by the association and by the chairman of the Council of Minister's Press Council, which itself is a "product" of the press law.

One cannot omit the association's concern in preparing journalists for their profession. One may say that this is a subject of particular concern because the profession contains several generations and because some of our colleges have shortages of material needed to train journalists so that they can face the technology of the 21st century.

The accountability and election campaign is beginning. This is the topic of the day, as it were, so let me present just two more issues.

First, it is the association's undeniable achievement that it has gained its rightful place among the international journalist community. We have concluded agreements with journalist associations in many countries. We have close, warm contacts and agreements with the fraternal socialist countries. We have concluded agreements with Finland, Spain, India, and Nigeria.

Second, does the pointing out of achievements permit a state of self-satisfaction? Not in the least. There are so many organizational "shortcomings" that criticism is bound to be a good lesson for future authorities at every level.

The accountability and election campaign will have served its purpose only if it properly sets out the duties of journalists and their association in implementing the social objectives contained in the party program.

Must one emphasize the duties of journalist party committees, regional party cells, and the SD PRL leadership's party team in this sphere?

/12232

CSO: 2600/361

OFFICIAL ANSWERS QUESTIONS ON SOCIAL BENEFITS

PM271633 Katowice TRYBUNA ROBOTNICZA in Polish 11 Dec 86 p 3

[Interview with Zbigniew Januszek, deputy minister of labor, wages, and social affairs, by KAR correspondent Irena Scholl; date, place not given]

[Text] [Scholl] During the trade unions congress many critical comments and opinions were expressed about your sector. I even heard this sarcastic remark: "Certain officials at the Ministry of Labor, Wages, and Social Affairs would be happiest if they could limit the privileges won by the working people to the observance of the May Day holiday,..."

[Januszek] It is true that there were critical comments about us, but they were inspired by noble intentions, by a desire to see all social needs satisfied to the greatest possible extent. Unfortunately, we find ourselves between the devil and the deep blue sea. Between the pressure created by both justified and unjustified social needs and the harsh realities of the economic situation. As we put forward our suggestions for concrete solutions we try to be realistic. And our real concern is, in fact, not to reduce the privileges won by the workers but to avoid granting them to workers who violate work discipline.

[Scholl] Are you refuting also the other opinions, suggestions, and recommendations formulated at the congress?

[Januszek] Not at all! We followed the debates very closely and we have the full set of documents issued at the congress. The congress gave us an opportunity to find out whether we were fully aware of the existing social expectations.

[scholl] And what did you find?

[Januszek] That we were. And that proves that we are really in touch both with the working people and the labor veterans, that is, old age and invalidity pensioners. We do not necessarily agree with all opinions, but on the whole the debates were very interesting and creative.

[Scholl] Wojciech Jaruzelski spoke at the congress about the existence of many different interests peculiar to specific strata, communities, sectors, or enterprises. And about the fact that they are often in conflict with one another.

[Januszek] Indeed. A delegate representing the Katowice Spolek enterprise appealed to industrial giants not to "outbid" their poorer relations by buying workers' vacation accommodation in facilities already rented by enterprises belonging to those poorer industrial sectors. Opinions varied also with respect to the new act on social welfare and housing funds. Representatives of large and rich enterprises criticized the new solutions because the additional social welfare fund allowance for each employed person would not be paid, free of tax, up to a uniform ceiling applying throughout the country. On the other hand, representatives of small enterprises and institutions financed from the state budget, such as health service or cultural facilities, are pleased because the social welfare fund resources will not be more than doubled while the regulation demanding that additional allowances be taken from the enterprises' profits will not apply in their case.

[Scholl] In the delegates' opinion, good workers are being "punished": They receive lower family or dependent relative allowances, have to pay more for their vacations, and so on. One speaker expressed his view in these blunt words: Give a good worker a chance to earn a high wage without worrying that it will be taken away from him with the other hand.

[Januszek] That is a fundamental problem, and one which we must solve within the framework of the planned comprehensive analysis of the whole system of social welfare benefits. It will be necessary to answer a great number of questions: What is the role of those benefits? What function are they supposed to serve? Can all social welfare benefits be linked to their recipients' work results? Should they be so linked? Are they supposed to serve a motivating function? How should we calculate the correlation between auxiliary benefits and basic pay so that the former can serve their function without discouraging people from working well? These are difficult questions, but we must answer them together if we wish to put the sphere of social welfare benefits in order. And we were called upon to do so by the 10th PZPR Congress.

[Scholl] The chairperson of the Independent Self-governing Trade Union of Employees of "Iwona" Knitted Textile Works in Lodz suggested--along with other delegates--that employees should qualify for retirement exclusively on the basis of length of service and not on the age criterion.

[Januszek] These suggestions were made with the intention of lowering the official retirement age. Given our present economic circumstances, as well as the situation in the labor market, it would not be a justifiable move. I do, however, share the view that pensions should depend more on employees' length of service.

[Scholl] The congress resolution states: "We declare ourselves in favor of abolition of the 'old portfolio' [pension rates] system, but it must not cause a reduction in the funds allocated for the running, routine pension revalorization.

[Januszek] Let me remind you that this year's additional September increases were implemented at the trade unions' suggestion and were designed as a stage

in a gradual abolition of the "old portfolio" system. The introduction of the two pension increases, in March and September, resulted in an expenditure of dozens of billions of zlotys in excess of what was originally anticipated in the budget. In effect, most pensioners were paid more than they would have received if the principles of the 1982 pensions law had been adhered to.

Next year's revalorization will be carried out on the basis of that law. There was a proposal, suggested also by some union activists, to peg a certain proportion of the next, March, revalorization to the cost-of-living increase. Because this was criticized by most unionists, in March 1987 pensions will be revalorized by the same percentage figure by which the average wage will have increased in 1986. That is, according to the 1982 law. September will also see the next stage of "old portfolio" increases.

We will work together with the unions to develop and improve the age and invalidity pension system.

[School] Delegates complained that the amount of money representing unpaid pensions from the pension fund was kept secret, and that the money was lying idle instead of swelling the meager pensions of retired employees.

[Januszek] We have announced the surplus margins in the pension fund on many different occasions. At the start of this year it amounted to Z340 billion. Each designated fund must have a reserve margin. Such is the practice throughout the world. The Social Security Agency [ZUS] makes its payments in advance and collects premiums retrospectively. Moreover, in individual voivodships the balance of revenue and expenditure works out differently. Because of this, it is essential to hold operational reserve funds.

[School] It was also suggested that the ZUS should come under the authority of the trade unions.

[Januszek] As we know, on 25 November the Sejm passed the act on the organization and financing of the social security system. Work on the preparation of the act provided an opportunity to analyze, among other things, the question of the placing of the ZUS. After much--occasionally heated--discussion, the Sejm accepted the government proposal, put forward an agreement with the National Trade Union Accord, to entrust social supervision over the ZUS--which remains a state administration organ subordinate to the minister of labor, wages, and social affairs--to the Supervisory Board. Trade union representatives constitute a majority (five-ninths) in the composition of the ZUS Supervisory Board. In this way, the ZUS is also supervised by the trade unions.

[School] And the final question: What about social security pensions for people disabled since childhood who have never been able to work?

[Januszek] Social security pensions will be introduced gradually. However, let me say this again: Our social policy depends on the state's economic situation. Therefore, we must always consider together, carefully and responsibly, how to allocate the resources available from the social security fund and how much to designate for each particular purpose. This will in all probability constitute the subject of our talks with the trade unions.

As far as new measures of building confidence and military-strategic stability are concerned, we possess, in accordance with the 11 June 1986 Budapest appeal issued by the Warsaw Pact countries to all CSCE participating countries, measures directly connected with conventional arms reductions. Adopting them could help an accord on reductions to be reached.

The Polish diplomat expressed support for three GDR projects. One of them involves the development of dialogue, including on the subject of disarmament. Another one discusses regional initiatives aimed at strengthening stabilization and security, and the third involves the continuation of talks on the subject of USSR-U.S. disarmament.

/12232

CSO: 2600/361

TV CARRIES INTERVIEW WITH UK'S RENTON

LD091407 Warsaw Television Service in Polish 2043 GMT 6 Feb 87

[Interview with Ronald Timothy Renton, minister of state in the British Foreign Office by Barbara Grad, in Warsaw, date not specified; Renton and Grad speaking English with superimposed Polish translation—live or recorded]

[Text] [Grad] What are, in your opinion, the problems regarding arms control that are most important for Poland and Great Britain?

[Renton] As we see it at the moment, there are three most important elements in disarmament policy and the control of armaments. The first is the start of negotiations between the two super powers, between the Soviet Union and the United States, regarding a 50 percent reduction in strategic offensive weapons, nuclear offensive weapons of course. This accord would be implemented over 5 years. The second is an accord in the matter of eliminating medium-range nuclear weapons from the so-called European battle theater. And third, the universal liquidation of the production and use of chemical weapons. We feel that if it were possible to attain these three aims then the year 1987 would be an exceptionally successful year for peace. And we also judge that these aims will be attained.

[Grad] Let us remain with European affairs. What hopes does British society have for the CSCE conference deliberating in Vienna?

[Renton] I think that it expects many things. First, a growth in the feeling of security through the reduction of nuclear weapons, which we have already talked about. Further, a growth in trust, which process was initiated by the decisions of the Stockholm Conference last fall, stating that we will mutually inform each other about the carrying out of larger maneuvers. That first, and second we also expect an increase in trade exchange and the development of cooperation and also, which is extremely important, a widening of contact between people, easier movement and also the paying of attention to the matter of the respect for human rights in particular countries. The point is simply the possibility of telling each other, mutually and frankly: Listen, we are uneasy about that which is going on in your country and which relates to these and these groups of people; could you tell us what is involved, clarify this? I think that these are the most important matters that are currently being discussed in Vienna.

[Grad] And what place does Poland hold in British foreign policy?

[Renton] Your country is one of the basic parts, the most important elements of the Warsaw Pact. Apart from the Soviet Union, it is the largest country. It plays a historical role. It also occupies a very important place for the strategic point of view. We are sincerely satisfied that the freeing of political prisoners last year, the rebirth of the trade unions and the position which the church occupies, the enormous normalization of political life, create the conditions for the resumption of dialogue for neighboring states such as ours, and speaking frankly this is precisely one of the reasons why I have come here. We have all the criteria to close our cooperation in trade, in culture, in individual contacts.

[Grad] What are your impressions after talks with our minister of foreign affairs and also generally, after the 1st day of your stay in Poland?

[Renton] Well, first it was very pleasant that the minister wished to receive me, as he had just returned from Iran. He had spent almost the whole night on an airplane, and he arrived just at lunchtime. So, it was very courteous on his part that he wished to see me. Of course, we spoke on the subject of the Iranian-Iraqi war, this very serious war taking place in the Middle East and in which over 500,000 people have died. Chemical weapons have been used, but there continue to be no perspectives for making of peace. And I was, of course, very interested in the first impressions of the minister on this subject. We spoke, of course, about bilateral relations between Poland and Great Britain, how we can close them in many fields. We also spoke a little about the Consultative Council which was appointed recently and which, in my opinion, is a very important factor in accord and I hope to hear more on this subject during further talks which I will hold today and tomorrow. In a word, I can say that this was a very useful day and I am happy with my coming here.

[Grad] Thank you very much.

[Renton] Thank you very much.

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CSO: 2600/361

WARSAW DAILY INTERVIEW WITH UK'S RENTON

AU111620 Warsaw ZYCIE WARSZAWY in Polish 9 Feb 87 pp 1,2

[Interview with Timothy Renton, secretary of state in the British Foreign and Commonwealth Office, by Ewa Boniecka: "Toward Better Understanding"—date and place not given]

[Text] [Boniecka] What is your assessment of the state of East-West relations 3 months after the meeting in Reykjavik between the leaders of the superpowers, the USSR and the United States?

[Renton] I think that East-West relations are at a crossroads. The states on both sides are displaying a new interest in each other. A continuation of this "new approach" in two areas would be of great significance. The first area is that of arms control, and the second—the Vienna conference on the implementation of the Helsinki Final Act.

[Boniecka] When you mentioned a "new approach" in East-West relations, you had in mind both sides. However, practice indicates that this approach is being followed by the USSR above all....

[Renton] With regard to arms control, there is a danger of our seeing only the appropriateness of our own position without recognizing the real problems that the other side might have. I am saying this from an impartial position. I believe that at Reykjavik and during the period following it the Soviet Union submitted a great collection of mutually interdependent disarmament proposals—such as the complete elimination of nuclear weapons by the year 2000—which are, in my opinion, rather utopian. Personally, I do not believe that it is possible to realize goals of this kind in the near future because the defense policies of both alliances have for a long time been based on the possession of conventional and nuclear arms.

[Boniecka] But the Western press has also drawn attention to Mikhail Gorbachev's new approach to security problems, the new way of thinking in Soviet policy, and this creates definite opportunities for the West to act.

[Renton] I agree that a new way of thinking has emerged in the USSR. We are waiting with interest to see whether the new ideas put forward by Mikhail Gorbachev are going to be translated into practice. Three weeks ago I held talks

with Eduard Shevardnadze, the Soviet minister of foreign affairs. He is one of the people close to Gorbachev who are presenting new ideas. The economic reforms and the changes in electoral procedures, among other things, are—and I am saying this without trying to interfere—interesting. However, in my opinion, there is a certain lack of flexibility in Soviet policy on disarmament.

With regard to Reykjavik, I think that it is possible to make progress toward arms control. I would like to point out that the West has also submitted proposals concerning this field. These proposals were first submitted during a meeting between Margaret Thatcher, Great Britain's prime minister, and President Reagan, which took place before Reykjavik. These proposals envisage a 50 percent reduction in the strategic weapons of both superpowers over a period of 5 years, and the conclusion of an agreement on medium-range missiles and their elimination from Europe, which is also—in our opinion—a matter of great importance for Great Britain and Poland. Third, we also submitted a proposal concerning the conclusion of an agreement on chemical weapons. These proposals, which were taken up by NATO, were submitted by the United States at Geneva.

[Boniecka] It is difficult to agree with your assertion that there is lack of flexibility in Soviet disarmament policy. The facts say something different. As we know, the issue of space weapons is being discussed at Geneva, and the United States' SDI program is the greatest obstacle to progress in these talks. If we also consider the United States' refusal to end the testing of nuclear weapons, then it is hard to see any signs of a new approach on the part of the West...

[Renton] I would not say that nuclear tests present such a serious obstacle to emerging from the impasse, as it would not be difficult for the United States and the Soviet Union to gradually reach an agreement on their complete prohibition. The issue of SDI is far more complicated. Neither Britain nor Poland are parties to the ABM treaty that was signed by the two superpowers. The treaty sets out limits for research in the field of developing antiballistic missile systems. I think that if both sides were to show good will at Geneva, then it would be possible to produce a suitable interpretation of the treaty.

[Boniecka] Great Britain, like other Western European countries, distinguishes between laboratory research as part of SDI and the conduct of tests or the possible deployment of the new weapons system....

[Renton] Yes. One of the four points agreed by Margaret Thatcher and President Reagan at Camp David a year ago was that the deployment of a new type of defense system would run counter to the ABM treaty and would thus have to be the subject of negotiations between the two sides. In any case, I would like to stress that Great Britain is interested in maintaining a deterrent force at the lowest possible level while taking into account the equal interests of both sides.

[Boniecka] How do you see the role of other NATO and Warsaw Pact members such as Great Britain and Poland in developing fruitful relations between East and West?

[Renton] Medium-sized countries such as Poland and Great Britain, which are important members of two different alliances, can play a significant role in this respect. After all, we can influence the policies of our allies, and so can make an important contribution to arms reduction and disarmament without sitting down at the negotiating table in Geneva. At the Vienna CSCE conference both our countries are making a contribution toward the implementation of the Final Act. I think that talks such as those that are being currently held with Minister Orzechowski can help to improve understanding between East and West.

[Boniecka] During the latter part of 1983 and the first months of 1984, that is, during a period of great tension in relations between Washington and Moscow, Margaret Thatcher's government played an active role in reducing tension in Europe. This was described as the British "Eastern Policy." One sometimes gets the impression that London has, so to speak, lowered this voice of its own and has left the main initiative in the hands of the United States. What would you say to that?

[Renton] I am surprised at the suggestion that we have "lowered our voice." After all, our foreign minister has recently visited all the countries of Eastern Europe. I think that he is the first foreign minister to have done so. Since assuming this post 18 months ago, I myself have visited all the countries of Eastern Europe with the exception of Hungary. Margaret Thatcher's visit to Moscow—the preparations for which are being made at the present time—will be of great significance. Our government is very interested in developing relations with the Soviet Union and the states of Eastern Europe on the basis of a better understanding of these countries. I also believe that the Polish and Soviet Governments are interested in talks.

[Boniecka] Let us turn to Polish-British bilateral relations. What is your assessment of the Warsaw talks and the prospects for the development of cooperation between Great Britain and Poland in all areas?

[Renton] I held very interesting and frank talks with the Polish minister of foreign affairs, who received me on his return from Iran. My host was Tadeusz Olechowski, the deputy minister of foreign affairs. We held lengthy talks during which we discussed bilateral affairs, human rights, and other international matters. Although this was not envisaged in the program, I was received by Jozef Czyrek, and I considered it very courteous of him to have done so. I was very pleased, and we had a frank and open discussion on the subject of relations between our two states. I also discussed economic topics with the heads of the Finance and Foreign Trade Ministries. I would not conceal the fact that Poland's economic position, especially with regard to its foreign debt, is a matter of particular concern. Poland's admission to the International Monetary Fund may make it possible to reschedule debt repayments, but the resolution of these matters will call for a great deal of time.

We are interested in the way in which the situation in Poland is evolving because the imposition of martial law a few years ago made us concerned about the protection of human rights. I was pleased that I had an opportunity to listen to accounts of recent events in this field. I would like to point out that traditionally Anglo-Polish relations have been close, and this explains our keen interest.

To sum up my impressions: We see that Poland has many economic problems. We hope that these problems will be resolved positively. I also believe that steps taken by the Polish Government last year, such as the release of political prisoners, are an expression of a policy that will not be altered. I believe that appropriate conditions exist for Great Britain and Poland to return to a state of friendly relations.

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CSO: 2600/361

UK'S RENTON ENDS POLITICAL CONSULTATIONS

AU111157 Warsaw TRYBUNA LUDU in Polish 9 Feb 87 p 2

[Text] PAP--Polish-British political consultations were held in Warsaw on 6-7 February.

On Poland's behalf talks were conducted by Tadeusz Olechowski, vice minister of foreign affairs, and on Great Britain's behalf by Ronald Timothy Renton, minister of state at the Foreign Office.

During their talks, the sides reviewed bilateral relations and prospects for their development and discussed the main issues of the present international situation, paying special attention to East-West relations and disarmament. The CSCE meeting in Vienna and the proposals put forward there, including Polish proposals, were also subjects of common interest. The sides declared their readiness to make further active efforts to promote relations, including political dialogue and economic and cultural-scientific cooperation.

The British guest was received by Jozef Czyrek, PZPR Politburo member, Central Committee secretary, and chairman of the Sejm Foreign Committee, and for foreign Minister Marian Orzechowski.

He was also received by Foreign Trade Minister Andrezej Wojcik and met with Andrzej Dorosz, vice minister of finance.

Brian Leon Barder, Ambassador of Great Britain in Poland, attended the talks and meetings.

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CSO: 2600/361

ACTOR ON DEMISE OF THEATER IN COUNTRY

AU071715 Warsaw POLITYKA In Polish 31 Jan 87 p 2

[From the "press review"]

[Text] GAZETA ROBOTNICZA on 3 January published an interview given by actor Gustaw Holoubek, former director of Teatr Dramatyczny, to Ewa Gil-Kolakowska. Here is an excerpt from it:

[Gil-Kolakowska] After a period of some years would you now be ready to comment on the authorities' decision to deprive you of the function of the director of Teatr Dramatyczny?

[Holoubek] Every now and then in any country, a theater director gets fired for, say, political reasons because he does not satisfy the ideological criteria of his patron or sponsor. This is nothing to wonder at because authorities that spend large funds to keep theaters going have the right to carry out personnel shuffles as they see fit. Prior to 1980 there existed a good practice in that the authorities would extensively contact and consult artistic people on theatrical matters. I think that this practice was one of the reasons why the quality of theaters was so excellent. Commonsense or perhaps unanimity of those authorities was responsible for the fact that we were able to impart great significance to our theaters in Poland and elsewhere because actors and artistic people themselves were allowed to run theatrical affairs.

At the time when I was fired the policy of such consultations no longer existed. The decision to fire me was one-sided and was based on one-sided evaluations and views. As I have said, this would be nothing terrible except for the fact that at the same time the entire Teatr Dramatyczny was weakened: Some 30 people from the artistic ensemble were forced to leave. Their sympathy with me was not the only reasons. The main reason was the fact that all the development prospects for this theater had been blocked.

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NON-PARTY VOIVODA NOTES PARTY OPINION

AU71708 Warsaw POLITYKA in Polish 31 Jan 87 p 2

[From the Press Review]

[Text] RADA NARODOWA on 2 January published an interview given by Zamosc Voivoda Boleslaw Didyk to Juliusz Turek. Here is an excerpt from it:

[Turek] How have party circles received the fact that a nonparty candidate has been appointed voivoda? Have they not been surprised?

[Didyk] Since it has been decided to appoint me to the Zamosc voivoda, I do not think that this fact has created surprises or doubts. I think that it will take some time before the habit of relying on the "party open-sesame" is overcome. However, the 10th Congress resolutions have definitely sentenced it to be relegated to political limbo. Its place will be taken by the most correct criterion of personnel policy: competition. As for my candidacy, I polled 100 percent of votes in a secret ballot during the session of the Voivodship People's Council. Members of the council represent various political orientations, philosophies, professions, occupations, and communities.... Since they voted for me unanimously it figures that public opinion is also in favor of the practical application of the new principles of personnel policy.

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CSO: 2600/361

SATELLITE TV RECEIVING EQUIPMENT DEVELOPED

AU301551 Warsaw TRYBUNA LUDU in Polish 28 Jan 87 p 4

[Report signed (sov): "TV Program Via Satellite"]

[Text] The Radiocommunications Unit of the Institute of Communications, headed by Janusz Zygierewicz, has developed equipment for the direct reception of satellite signals in the 12 gigahertz radio frequency range. It is worth recalling that, in accordance with the international Geneva conference, this is the frequency range that has been allocated to Poland for the possible transmission of five television programs via a satellite in stationary orbit.

The equipment is designed to operate in conjunction with a communal antenna mounted on a roof or one serving an entire housing district. It consists of a microwave element with an antenna 1.5 meters in diameter (made by the Industrial Institute of Telecommunications), plus a satellite signal converter. It permits the simultaneous reception of five domestic television programs that are broadcast by the SECAM satellite system.

The Institute of Communications' development is a part of the socialist countries' "Interkosmos" program devoted to satellite television.

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CSO: 2600/361

SOCIAL CONSULTATIVE COUNCIL'S TYMOWSKI INTERVIEWED

PM011943 Katowice DZIENNIK ZACHODNI in Polish 17 Dec 86 p 3

[Interview with Professor Janusz Tymowski, member of the Social Consultative Council attached to the chairman of the Council of State, by Alicja Basta; date, place not given]

[Excerpts] [Basta] Professor, you yourself have described your career as progressing in zigzags because you are not afraid to speak up. What did you speak about at the council's first session?

[Tymowski] I said, among other things, that I observed two errors occurring in our postwar history. We had proclaimed work a privilege and man the ultimate value, but in practice work is often treated as an onerous duty and man becomes nothing. I claimed that a change for the better could only begin with a change in our appointments policy and with an effective system of public control over those in positions of power. The latter can be compared to university professors who are prone to having their personality warped by the kind of work they do. To his students, a professor is always right. It is therefore all too easy for him to become convinced that he is right in every situation. Although a colleague of mine maintains that in his case the critical functions are performed by his wife....

[Basta] ...And do decisionmakers at every level also need such a critical wife, in the form of a collegial body?

[Tymowski] We have too many such bodies. But this is symptomatic of difficult periods. When things begin to change for the better, councils somehow seem to dematerialize. I believe that within this council I have the opportunity of giving people true information which would not reach us at this level in any other way: It would have been filtered out at intermediate levels. So it was worth giving it a try for that reason alone. We must also realize in advance that the effectiveness of the work of such bodies depends on whether their creators are prepared to accept unpleasant facts. Because when a system works well it is simply not discussed at all—such is the "engineering" approach to things.

[Basta] But will the advisors have enough courage?

[Tymowski] The desire to speak the truth is contingent on having independence. Few people enjoy such independence in this country. I am independent because I am 85 years old and retired. But I believe that, relatively speaking, professors are able to enjoy the greatest degree of independence. After all, what can you do to them? Make it difficult for them to travel abroad? Refuse to issue them with a car purchase coupon? Dismissing them from their posts could be already much more difficult. Or, if you succeeded, it would create wide repercussions. A large proportion of professors in the composition of the Consultative Council, a body in which—in my opinion—we find the widest social representation, gives it a certain guarantee of independence.

[Basta] Previous teams also had professors to advise them.

[Tymowski] A politician is not obliged to follow the recommendations of his advisers, and an adviser does not have to underwrite wrong decisions. He can resign. There have been some who knew how to do it.

[Basta] And, moreover, they are not in this council. Professor, I suggest that we now turn our attention to the question of appointments policy. You see it as the second most important cause of our troubles. What should it be like?

[Tymowski] To speak in slogans, it should always put the right man in the right place. How can this be done? People should be judged on their performance, not on how their superiors see them. Because the latter—and they are not necessarily the right persons in the right places, either—are often not so much interested in their subordinates, work results as, say, in whether they go along with them or not. It is therefore imperative that we carry out periodic personnel assessments based on open criteria which are known to everyone. We do not even need to reinvent the bicycle: We can learn from others. A deliberate appointments policy was already in operation in ancient Rome. A young man who, by the virtue of his birth and talent, was predestined for high office was first sent to the far provinces as a junior officer. Then he would come back to Rome to work in the magistrature, then again be sent to the remote provinces as an aide to the commander of a legion. In this way he was being prepared for the post of the governor of, say, Gaul or Africa.

[Basta] Modern states and economic organizations have worked out cohesive systems of assessment making advantage of the wealth of knowledge contained in various sciences and of modern technology.

[Tymowski] And here we still find personnel officers hiding behind a pillar in the canteen to eavesdrop on what the workers have to say as they eat their lunch. They then inform their bosses on what they have heard and together they make personnel appointment decisions.

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CSO: 2600/361

NEW CONSTRUCTION MINISTRY OFFICIALS APPOINTED

AU221814 Warsaw TRYBUNA LUDU in Polish 19 Jan 87 p 2

[Text] PAP--In connection with the new and rationalized organizational and functional structure and extended activities of the recently set up Ministry of Construction, Land Use Management, and Municipal Service, on the motion of the minister, the chairman of the Council of Ministers appointed on the strength of the Council of Ministers resolution of last November the following secretaries of state in this ministry:

Zdzislaw Kuhn, former under secretary of state, who will be responsible for coordinating and developing the production of materials for the construction trades and the communal economy;

Bogdan Dymarek, former Pila voivoda, who will be responsible for land use management and the housing and communal economy.

The following under secretaries of state were also appointed:

Janusz Aleksandrak, former Szczecin deputy voivoda;

Krzysztof Fidala, former manager of the Lodz industrial construction plant;

Lucjan Mieczkowski, former manager of the Central Research-Design Unit for General Construction.

At the same time, the premier released Wojciech Kubisek and Bogdan Lysak from their posts as under secretaries of state in the ministry and thanked them for their performance. Both officials are to take over new posts.

In line with a division of tasks in the Ministry of Construction, Land Use Management, and Municipal Service, Under Secretary of State Edward Waszak will be responsible for special duties in connection with construction commitments fulfilled by Polish plants in the USSR. The range of these commitments has been crucially increased. Under Secretary of State Zbigniew Turewicz has been assigned temporarily to Lodz at the request of the Civic Board for the Construction of the Health Center for Polish Mothers. He will devote his efforts this year to the final, extremely complicated stage of the construction of the center while retaining his present status.

Zdzislaw Kuhn was born in Poznan in 1929 to an intelligentsia family and graduated from the Poznan Polytechnical School as a mechanical engineer. In 1951-54 he worked in the metal plants in Skarzysko-Kamienna and in Poznan as foreman and in Wroclaw as chief technician. In 1954-56 he was shop head in the Siemianowice mechanical plant, and in 1957-58 he worked as deputy chief mechanic in the Siemianowice Michal coal mine. In 1958-67 he worked in the Wroclaw metal plant, his last post there having been that of manager. In 1967-69 he worked as manager of the Warsaw plant of farm machines and tractors, and in 1969-73 he worked as chief manager of the Ursus mechanical plant. In 1973-76 he worked in the Institute for Organization of the Engineering Industry and later on was appointed chief manager of the Zremb combine for mechanized industrial construction. In 1981 he was appointed under secretary of state in the former Ministry of Construction and Building Materials, which was transformed into the Ministry of Construction, Land Use Management, and Municipal Service. He is a member of the PZPR.

Bogdan Dymarek was born to a worker family in Tomaszow Mazowiecki, Piotrkow Voivodship, in 1932. He graduated as master of economics from the Szczecin Higher School of Economics, in which he began work as assistant lecturer in 1954. In 1956 he switched over to the Bydgoszcz Investments Bank and in 1960-80 he worked in the Voivodship People's Council Presidium and then in the Voivodship Office in Bydgoszcz. In 1971 he was appointed deputy chairman of that presidium and in 1973 deputy voivoda of Bydgoszcz. In 1980 he was elected secretary of the Bydgoszcz Committee of the PZPR and was sent to attend postgraduate courses in the PZPR Higher School of Social Sciences. In 1982 he was appointed Pila voivoda. [No party affiliation stated]

[Janusz Aleksandrak was born to an intelligentsia family in Jarocin, Poznan Voivodship, in 1938. He graduated from the Poznan Polytechnical School as civil engineer.

He began his career in 1956 in the Bydgoszcz Design Bureau for Rural Housing and in 1958-64 worked in the Szczecin Industrial Construction Plant, where one of his jobs was to supervise construction. In 1956-66 he was chief technological expert in the Szczecin Plant for Auxiliary Construction Production and worked up to 1970 as chief engineer and chief manager of the Starguard General Construction Plant. In 1971-84 he worked in Szczecin as chief manager of the No 1 General Construction Combine, the Miastoprojekt General Construction Design and Research Bureau, No 3 General Construction Plant, and Voivodship Administration of Townships and Rural Settlements. In 1984 he was appointed Szczecin voivoda in charge of construction, land use planning, urban development, and architecture. He is a member of the PZPR.

Krzysztof Fidala was born to an intelligentsia family in Piotrkow Trybunalski in 1948 and graduated from Lodz Polytechnical School as a civil engineer. In 1970 he began working in the Lodz Industrial Construction Plant as a trainee, and later worked as construction manager, chief engineer, and plant manager. He is an active supporter of the rationalization movement and was included in the cadre reserve as a result of the 1985 cadre review. He is a member of the PZPR.

Lucjan Mieczkowski was born to an intelligentsia family in Tuczno, Bydgoszcz Voivodship, in 1931 and graduated as an architect from the Gdansk Polytechnical

School. For the past 30 years he has worked at responsible posts in construction trades. In 1955-63 he worked in the Warsaw Downtown Urban Construction Plant, his last post having been that of deputy manager for technical matters. In 1953-66 he worked as chief engineer in the Warsaw Bureau for Standard Designs and Studies of Urban Construction. Up to 1974 he worked as head of the Construction Department in the Ministry of Construction and Building Materials. In 1975-77 he was in charge of the completion of the Budimex foreign investments in Canada and the United States as plenipotentiary and chief engineer responsible for the contract. On completing this job he went back to the Ministry of Construction and Building Materials and worked at first as deputy manager, and as as of 1979 as manager of the Department of Science, Technology, and Designs. At the end of 1984 he successfully competed for the post of manager of the Central Research-Design Unit of General Construction in Warsaw. He is a member of the Committee for Urban Construction and Architecture and for Land and Water Works of the Polish Academy of Sciences and a member of the College and Council of Science in the Ministry of Construction, Land Use Management, and Municipal Economy. He was included in the cadre reserve as a result of the 1985 cadre review. He belongs to no party.

The chairman of the Council of Ministers appointed Kazimierz Malecki under secretary of state in the Office of the Council of Ministers in charge of legal issues, especially those connected with the duties of the government spokesman for Sejm affairs.

Kazimierz Malecki was born to a peasant family in Ciechanow in 1952 and graduated as a master of laws from Warsaw University. Since 1978 he has worked in the Sejm Chancellery, beginning with a trainee job through head of the legal bureau. He also has participated in the work of the Sejm Commissions and was responsible for comprehensive evaluations and opinions necessary for drawing up many bills. He has a thorough knowledge of the Sejm's functioning. He is a PZPR member.

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CSO: 2600/361

LAW ON CONGRESS, COUNTY CONFERENCES OF WORKERS

Bucharest BULETINUL OFICIAL in Romanian Part I No 77, 15 Dec 86 pp 10-15

[Law on the Organization of the Congress and County Conferences of Working People and on the Election and Duties of Their Organs]

[Text] The development of working-class, revolutionary democracy and the expansion of the framework for participation by the working class, by the whole populace, in the management of economic and social activity require the continual improvement of worker self-leadership and the expansion of the powers and responsibilities that devolve upon the working people, as owners, producers, and beneficiaries of national wealth, in adopting the decisions on all levels of social and state life.

The unitary and democratic management of all economic and social activity necessitates the organization of widely representative bodies of the working people that provide for the discussion of the basic problems of society's development, the systematic improvement of the organization, management, and planning of the national economy, in accordance with the requirements of the new contemporary scientific and technical revolution, the strengthening of economic and financial self-management, and the expansion of the role of the staffs of working people in administering with maximum efficiency the part of national wealth entrusted by society for administration.

The harmonious union of the contribution of each staff of working people with the unitary management of all economic and social life, on the basis of the principle of democratic centralism, provides for the speedup of the progress of our homeland, the development of the democratic forms in the management of all sectors of activity, the implementation of the program of the party, and the continual growth of the standard of material and spiritual living of the whole populace.

With a view to the more and more marked development of the forms of working-class, revolutionary democracy for more and more strongly affirming the leading role of the working class in the entire work of building the multilaterally developed socialist society and advancing Romania toward communism, it is necessary to improve the organization of the Congress of Working People and the county conferences of working people and the activity of their organs.

To this end, the Grand National Assembly of the Socialist Republic of Romania adopts the present law.

Chapter I

The Congress and the National Council of Working People

Article 1. The Congress of Working People, the most representative and widest democratic forum of the working class, in its capacity of owner of the means of production and producer and beneficiary of the material assets, is organized with a view to the unitary and democratic management of all economic and social life, the continual improvement of worker self-leadership and economic and financial self-management, and the fulfillment of the objectives and tasks contained in the party's program for economic and social development of the homeland.

The Congress of Working People provides for the direct participation of the masses of people in managing the various sectors of activity, in preparing, adopting, and implementing the party decisions and the country's laws, and in strengthening the control of the working class, of all the working people, over the entire activity of the socialist units, the ministries, and other central and local state and public bodies.

Article 2. The Congress of Working People discusses the basic problems of the party and state's policy for economic and social development of the country and the ways and means of performing the tasks that devolve upon the working people for improving the management and organization of the entire activity on the basis of the principles of worker self-leadership and economic and financial self-management, raising the economic efficiency in all sectors of activity, developing socialist property, and strengthening the responsibility of each working person in managing and performing the activity of the unit in which he works.

Article 3. The representatives of the working people in the industrial, construction, and transportation units, the units in commodity circulation, the artisan cooperative system and the cooperative system for production, purchases, and sale of goods, and the financial and banking system, the members of the National Council of Working People, party activists, and representatives of ministries and other central state and public bodies participate in the proceedings of the Congress of Working People.

The Congress of Working People meets once every 5 years and is convened by the National Council of Working People.

The quotas for representation in the congress are set by the National Council of Working People. The delegates to the congress are elected in the general assemblies of working people in enterprises or other units and are confirmed by the county conferences of working people and that of the municipality of Bucharest.

Article 4. In performing the tasks that devolve upon it, the Congress of Working People adopts decisions binding on all the ministries and the other

central and local state and public bodies, the industrial centrals, the enterprises, and the other units in industry, construction, transportation, commodity circulation, and finance, to which end it establishes the measures needed for fulfilling in the best way the sole national plan for economic and social development and the tasks that result from the party decisions and the country's laws, raising the economic efficiency of the entire activity, administering with maximum efficiency the fixed assets and the financial resources entrusted to the units, increasing national wealth, and, on this basis, raising the standard of material and spiritual living of those who work.

Article 5. For managing the entire activity in the period between congresses, the National Council of Working People, a body with permanent activity, is organized.

The National Council of Working People is chaired by the council's chairman, elected by the Congress of Working People.

The National Council of Working People also has in its leadership 3 first vice chairmen, 12 vice chairmen, and 3 secretaries.

Article 6. The National Council of Working People is elected by the congress.

The candidates for the National Council of Working People are discussed and elected in the general assemblies of working people in enterprises or other units and are confirmed by the county conferences of working people and that of the municipality of Bucharest.

Article 7. The National Council of Working People is responsible for the implementation of the party decisions, the country's laws, and the congress' decisions in the activity of the ministries, the centrals, and the other economic units, to which end it has the following main duties:

- a) It organizes the application and oversees the implementation of the decisions of the Congress of Working People; it oversees the way in which the party decisions, the laws and decrees, and other regulatory acts are applied and followed by ministries, the other central and local bodies, and the units in industry, construction, transportation, commodity circulation, and finance;
- b) It analyzes the annual and long-term plans concerning the development of industry, construction, transportation, small-scale industry and services, and commodity circulation and establishes measures for fulfilling them and attaining a new quality of work in all fields of activity;
- c) It oversees the application of the measures regarding the improvement of the organization and the modernization of the production processes, in accordance with the requirements of the new scientific and technical revolution, the better utilization of social labor, the growth of the labor productivity and economic efficiency in all sectors of activity, providing for the full utilization of the production capacities, the strict observance of the consumptions set and the continual reduction of them, the recovery and utilization of all reusable resources, the growth of the competitiveness of Romanian

products on foreign markets, and the full utilization of all resources and reserves existing in each unit;

d) It pursues the firm application of the economic and financial mechanism and of self-leadership and self-management, the strict observance of the economic and financial standards approved, the elimination of excess stocks, the formation of financial resources on the basis of the incomes obtained by each unit from collecting the equivalent value of the production sold, services performed, or work done, the strengthening of financial and banking control, especially of preventive control, and the growth of the spirit of responsibility in the observance of financial discipline;

e) It pursues and oversees the application of the measures for improving the activity of personnel training, of retraining, and of continual growth in the level of professional and technical knowledge and for carrying out in the best way the programs for multilateral training, for training in all sectors workers and specialists with diverse and deep knowledge in several fields, in accordance with the requirements of the new scientific and technical revolution in our country;

f) It discusses and analyzes the way in which the program for raising the standard of living and improving the quality of life of the whole populace is being carried out and the way in which the provisions of the programs referring to the supplying of the population and the development of services are being implemented;

g) It guides the activity of the councils of working people in the socialist units, of the management councils in ministries and other central bodies, and of the general assemblies of working people, with a view to the organized participation of the broad masses of those who work in managing the economic and social activity in the units, the stimulation of the creative initiative of the work staffs, and the involvement of them in solving the major problems of the units, as well as for continually raising the socialist, revolutionary, patriotic consciousness of the working people;

h) It sees that the important problems of the economic development of each unit and the measures needed for the complete fulfillment of the plan targets, the scientific organization of production and labor, and the proper administration and use of all material and financial resources are discussed in the councils of working people and in the general assemblies, providing for the consultation and participation of the working people in the making and implementation of the decisions referring to the proper running of the units and the control of their implementation.

Article 8. The National Council of Working People is responsible, together with the Council of Ministers, for taking all the steps needed for completely fulfilling the plan targets on schedule, strictly obeying the party decisions and the laws, and carrying out the programs for economic and social development of the country.

Article 9. The National Council of Working People has legislative initiative regarding the improvement of the management and planning of the national economy, the continual expansion of socialist democracy, the development of worker self-leadership and the strengthening of economic and financial self-management, and the improvement of the organization and operation of the ministries, of other central state and public bodies, of the centrals and enterprises, and of other sectors of economic and social life.

The draft regulatory acts of general interest regarding the economic and social development of the country, initiated by other bodies, are submitted for discussion to the National Council of Working People before being presented for adoption to the Grand National Assembly or the State Council.

Article 10. The National Council of Working People is composed of:

a) The executive bureaus of the management councils of the following ministries:

The Ministry of Mines, Petroleum, and Geology;

The Ministry of Electric Power;

The Ministry of the Metallurgical Industry;

The Ministry of the Machine Building Industry;

The Ministry of the Heavy Equipment Industry;

The Ministry of the Electrotechnical Industry;

The Ministry of the Chemical Industry;

The Ministry of the Petrochemical Industry;

The Ministry of Light Industry;

The Ministry of Wood Industrialization and Construction Materials;

The Ministry of Transportation and Telecommunications;

The Ministry of Industrial Construction;

The Ministry of Foreign Trade and International Economic Cooperation;

The Ministry of Domestic Trade;

The Ministry of Technical-Material Supply and Control of the Management of Fixed Assets;

b) The Executive Bureau of the Central Council of the General Union of Romanian Trade Unions;

- c) The Executive Bureau of the Council for Economic and Social Organization;
- d) The Executive Bureau of the Central Council for Worker Control of Economic and Social Activity;

e) Representatives of:

The Central Committee of the Union of Communist Youth;

The National Council of Women;

The Socialist Democracy and Unity Organization;

f) 834 workers and foremen who work directly in production;

g) Personnel in the bodies and central apparatus of the party, of the state, and of the mass and public organization:

Members of the Political Executive Committee of the Central Committee of the Romanian Communist Party and of the Executive Bureau of the Council of Ministers;

Personnel from the sections of the Central Committee of the Romanian Communist Party;

h) Management personnel from the following ministries and other central bodies:

The State Planning Committee;

The National Committee for Science and Technology;

The Ministry of Finance;

The Ministry of Labor;

The Ministry of Tourism;

The Central Union of Artisan Cooperatives;

The Central Union of Cooperatives for Production, Purchases, and Sale of Goods;

The National Bank of the Socialist Republic of Romania;

The Investment Bank;

The Romanian Bank of Foreign Trade;

i) Activists of the party committees of the counties, of the municipalities, and of the sectors of the municipality of Bucharest;

j) Secretaries of the party and UTC [Union of Communist Youth] organizations and chairmen of the trade unions in the big enterprises;

k) Directors general and directors in the industrial centrals and the big enterprises;

l) Chief engineers, chief accountants, section chiefs, shop foremen, and research and design personnel.

Article 11. The National Council of Working People performs its activity in plenary sessions and in councils for branches and fields of activity.

The National Council of Working People has the following councils for branches and fields of activity:

a) The Council for the Base of Raw Materials, Fuel, and Energy;

b) The Council for the Metallurgical Industry and Machine Building;

c) The Council for the Chemical, Petrochemical, and Light Industries;

d) The Council for Industrial Construction and Construction Materials;

e) The Council for Transportation and Telecommunications;

f) The Council for Matters of Economic and Financial Activity and for Consistent Application of the New Economic Mechanism and of Self-Management;

g) The Council for the Unitary Management and Planning of Economic and Social Activity, the Strengthening of Worker Self-Leadership, the Training of the Work Force and the Improvement of the Training of Personnel, the Raising of the Standard of Living and the Continual Growth of the Quality of Life, and Matters of Political and Educational Activity;

h) The Council for Foreign Economic Relations and International Cooperation.

During the plenary sessions, the national council can also perform its activity in councils for branches and fields of activity.

For discussing important problems in their branches and fields of activity, the councils can be convened quarterly or whenever necessary.

Article 12. The composition of the councils for branches and fields of activity is approved by the National Council of Working People.

Article 13. The National Council of Working People has an executive bureau composed of 41 members.

The first vice chairmen, vice chairmen, and secretaries of the National Council of Working People, and members belong to the executive bureau.

The composition of the executive bureau is approved by the National Council of Working People.

One of the first vice chairmen of the National Council of Working People holds the position of chairman of the executive bureau.

Article 14. The executive bureau is responsible for the precise application and observance of the party decisions and the country's laws, providing the management of the entire activity in the period between the plenary sessions of the National Council of Working People, to which end it performs the following main duties:

- a) It keeps track of the way in which the ministries, centrals, and enterprises act to fulfill the sole national plan for economic and social development and the program approved by the party for raising the standard of living and improving the quality of life of the whole populace;
- b) It provides for the implementation of the decisions adopted by the congress and the National Council of Working People and the measures adopted by the party for raising all economic and social activity to a higher-quality level;
- c) It hears and analyzes reports of the ministers on the way in which they have acted to fulfill the decisions adopted by the congress or the tasks set by the national council;
- d) It adopts prompt measures regarding the unitary orientation and management of the activity of the collective leadership bodies, for improving their style and methods of work and increasing the responsibility of all members in performing the tasks that devolve upon them;
- e) It discusses and makes proposals in connection with appointing to posts the personnel in the management of the ministries and other central bodies and provides for the consultation, in accordance with the law, of the general assemblies of working people in the units in which they perform their activity.

Article 15. The National Council of Working People meets twice per year and whenever necessary and works validly in the presence of at least two-thirds of the number of its members.

The executive bureau meets once per quarter and whenever necessary.

The decisions of the National Council of Working People and the executive bureau are adopted, with a show of hands, by a majority vote of the members that compose it.

Article 16. The decisions of the National Council of Working People are binding on all collective leadership bodies in ministries, the other central and local state and public bodies, industrial centrals, enterprises, and other socialist units in industry, construction, transportation, commodity circulation, and finance.

Chapter II

The County Conferences and Councils of Working People

Article 17. The conference of working people, a widely democratic body of the working class in the industrial, construction, transportation, commodity-circulation, and financial and banking units on the territory, is organized in each county and in the municipality of Bucharest.

The conference of working people discusses the basic problems of economic and social development on a territorial basis, the ways and means of performing the tasks that devolve upon the county or upon the municipality of Bucharest from the party's program and from the sole national plan for economic and social development, and the problems of improvement in worker self-leadership and economic and financial self-management and of continual development of collective labor and leadership on a local level.

The following participate in the conference of working people:

- a) Working people in enterprises, centrals, and other socialist units in the county, elected by the general assemblies of working people;
- b) The members of the county council of working people;
- c) Party and state activists and representatives of the ministries and other central and local state and public bodies.

The conference of working people meets once every 2 and 1/2 years and is convened by the county council of working people.

The delegates to the conference of working people are elected in the general assemblies of working people on the basis of the representational quota set by the county council of working people.

Article 18. For managing the activity in the period between conferences, the county council of working people, a body with permanent activity, is organized; the municipal council of working people is organized in the municipality of Bucharest.

The county council of working people has in its leadership a chairman, five-seven vice chairmen, and a secretary.

Article 19. The county council of working people has the following main duties:

- a) It organizes, provides for, and oversees the fulfillment of the decisions of the congress, of the National Council of Working People, and of the county conference of working people regarding the activity of the economic and social units on the territory;
- b) It analyzes the annual and long-term plans in territorial form concerning the development of industry, construction, transportation, small-scale

industry and services, and commodity circulation; it establishes the measures needed for the fulfillment in the best way of the sole national plan for economic and social development in territorial form by the economic units in the county and of the tasks that devolve upon them from the party decisions and the country's laws, pursuing growth in the economic efficiency of the entire activity;

c) It analyzes and oversees the way in which the application of the party and state decisions, the firm observance of the new economic and financial mechanism, and the highly efficient use and administration of the raw materials, supplies, fuel, energy, fixed assets, and financial resources entrusted are provided by the collective leadership bodies in the units and establishes the necessary measures;

d) It provides the unitary orientation and management of the activity of the socialist units on the territory for the further development of collective labor and leadership and of self-management and worker self-leadership, the improvement of the style and methods of work, the promotion of criticism and self-criticism, and the growth of the contribution and responsibility of all the working people in performing the tasks that devolve upon them;

e) It guides the activity of the general assemblies of working people, with a view to the participation of the broad masses of those who work in managing the economic and social activity of the units on the territory.

The county council of working people is responsible, together with the executive committee of the county people's council, for the fulfillment of the sole national plan for economic and social development in territorial form and of the programs and other measures established with a view to the development of economic and social activity on a local level.

Article 20. The county council of working people is composed of:

a) Chairmen, first vice chairmen, and vice chairmen of the councils of working people in enterprises, centrals, and other similar units in the county, and other members of the executive bureaus of the councils of working people;

b) The activists of the county cabinet for economic and social organization;

c) Activists of the county council for worker control of economic and social activity;

d) The bureau of the county council of trade unions;

e) Chief engineers, section chiefs, shop foremen, research and design personnel, economists, and other personnel with wide experience in enterprises;

f) Representatives of the Union of Communist Youth, the county council of women, the Socialist Democracy and Unity Organization, and the local bodies of state administration;

g) Workers, foremen, and section chiefs who work directly in production.

The candidates for the county council of working people are discussed and elected in the general assemblies of working people in enterprises or other units.

The number of members of the county council of working people is set by the National Council of Working People.

Article 21. The chairman of the county council of working people is elected by the conference of working people. The county council of working people is elected by the conference from among the candidates for the council, elected in the general assemblies of working people.

Article 22. The county council of working people meets twice per year and whenever necessary and works validly in the presence of at least two-thirds of the number of its members.

Article 23. The county council of working people has an executive bureau composed of 21-33 members; in the municipality of Bucharest, the executive bureau is composed of 37 members.

The executive bureau has in its leadership a chairman, five-seven vice chairmen, and a secretary.

The executive bureau is approved by the council of working people and meets once per quarter and whenever necessary.

Article 24. The executive bureau manages the entire activity in the period between the plenary sessions of the council of working people and provides for the implementation of the decisions adopted by the county conference and the county council of working people.

Article 25. The provisions of Articles 18-24 also apply accordingly to the Bucharest Municipal Council of Working People and its executive bureau.

Article 26. The decisions of the county councils of working people and that of the municipality of Bucharest and of their executive bureaus are binding on the collective leadership bodies of the industrial centrals, the enterprises, and other similar units on the territory. The decisions are adopted, with a show of hands, by a majority vote of the members that compose them.

Chapter III Final Provisions

Article 27. The councils of working people in the economic units and the management councils in ministries and the other central bodies are obligated to apply and to follow precisely, throughout their activity, the party decisions and the country's laws, are responsible, in accordance with the law, for the proper administration of the property entrusted and for the economic results obtained, and provide for the direct participation of the working people in

discussing and solving the unit's economic and social problems and in devising and carrying out the measures needed for fulfilling the plan targets.

Article 28. Each working person has the right to speak out on all matters that involve the proper performance of the activity, to express his opinion on the way in which the management bodies of the unit perform their duties, and to make proposals with regard to fulfilling the tasks established by means of the sole national plan and by means of the programs for economic and social development.

Article 29. Law No 30/1977 on the Congress of the Councils of Working People, the National Council of Working People, the Conferences of the Councils of Working People, and the County Councils of Working People in Industry, Construction, Transportation, Commodity Circulation, and Finance, with the later amendments, is repealed.

This law was adopted by the Grand National Assembly in the session of 12 December 1986.

Chairman of
the Grand National Assembly,
Nicolae Giosan

Bucharest, 12 December 1986.
No 24.

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CSO: 2700/114

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